

## THE HIGH COURT

[2010 No. 11125 P.]

BETWEEN

BAYERISCHE MOTEREN WERKE AKTIENGESELLSCHAFT

PLAINTIFF

AND

EDWARD RONAYNE (TRADING AS BMW CARE)

DEFENDANT

**Judgment of Mr Justice Ryan delivered the 19th December, 2013**

This is a claim for infringement of trade marks and passing off. The plaintiff BMW needs little identification or introduction. It is a worldwide company with enormous brand recognition. As one would expect, it has many trade marks that are recognised internationally and specifically are European Community Trade Marks or CTM. There is a family of BMW trade marks that includes the plaintiff's name as appears in the title of this action, the letters BMW and a host of associated brands or names. For the purposes of this action, it is sufficient to note the following CTMs:

The BMW roundel logo;

BMW;

ORIGINAL BMW CARE PRODUCTS NATURAL CARE;

The plaintiff's business is carried on in Ireland through a network of authorised dealers and service/repair agents. BMW exercises strict control over the operations of these sales and service facilities, which includes approval and supervision of premises, equipment, training of staff, advertising and marketing.

The defendant has a garage premises in the west of Ireland. He is an expert mechanic and an admirer of BMW cars. He decided to specialise in them in his business. He began to use the name "BMWcare" in his email address in late 2005. He purchased the internet domain name "BMWcare.com" and with the assistance of a web designer assembled a website or web page, which went live in late 2006. Mr Ronayne also registered BMWcare as a business name, a step that did not involve evaluation of his entitlement to use the name.

The defendant said that his plan was to ensure that people did not think he was connected to BMW. He did so by always saying he was independent. The website includes phrases like; "Independent advice and assessment"; "We are proud to be independent" and "Beholden to no one". His understanding was that the *Deenik* judgment of the ECJ [*BMW and BMW Nederland V Deenik* 23 February 1999; Case C-63/97] which he had studied carefully authorised the content of his site and his business stationery. He had indeed gone further than was necessary in distancing himself from BMW by emphasising the independence of his business.

The web page originally contained the BMW roundel logo at the top but Mr Ronayne removed it in September, 2013 and no longer maintained that he was entitled to use it.

The plaintiff claims that the defendant's use of the name and/or brand BMWcare or some variant thereof as used on his website and business stationery and generally in connection with his business constitutes infringement of its trade marks in multiple breaches of the Trade Marks Act, 1996 and the tort of passing off. The defendant denies these claims and argues that his use of the name is legitimate under the legislation and the jurisprudence of the European Court of Justice.

The Plaintiff complains about the defendant's conduct in regard to: registration and use of domain names; registration and use of his business name; use of the BMW roundel; the form, content and use of his website; putting on his site a hyperlink to plaintiff's website; use of metatags (an indexing method for websites used by search engines to deliver targeted search results by checking key words); and use generally of the name BMWcare or some variant thereof.

In respect of the plaintiff's CTM: ORIGINAL BMW CARE PRODUCTS NATURAL CARE the defendant pleads that it is not entitled to registration and should be declared invalid because it is merely descriptive.

In January 2012 Murphy J made in order allowing amendment to the statement of claim to remove references to another of the plaintiff's trade marks "BMW Fair Care" and that is no longer in issue.

**The Proceedings**

In the Plenary Summons the plaintiff claims:-

1. An Order pursuant to s. 18 of Trade Marks Act, 1996 (as amended) or Article 102 of Council Regulation 207/2009 restraining the defendant from infringing the plaintiff's CTMs.
2. An Order directing the defendant to cease from passing off business and/or services connected with the plaintiff.
3. An Order transferring, at no cost to the plaintiff, the domain names complained of.
4. An Order directing the defendant to cease using the intellectual property of the plaintiff when conducting his business.
5. An Order directing the defendant not to register any company including the mark 'BMW'.

6. An Order that the defendant cancel or remove name BMWcare.
7. An Order that the defendant immediately deliver up and destroy all stationery, promotional materials and other materials bearing the BMW TM.
8. Damages including aggravated and/or exemplary for infringement of CTM.
9. Damages for passing off plaintiff's business and/or services
10. Damages for conspiracy by the defendant to intentionally interfere with the economic interests of the plaintiff.
11. In the alternative, at the plaintiff's option, an account of profits of the defendant.
12. Interest, further relief and costs.

### **The Statement of Claim**

The plaintiff claims that the defendant is engaged in confusing and parasitic use of BMW's name, trade marks and devices on the defendant's website, stationery and business cards and materials which takes unlawful advantage thereof. The defendant has infringed the plaintiff's trade marks and is passing off his business as being associated with the plaintiff's.

The plaintiff seeks a range of reliefs including orders restraining the defendant or his servants or agents from using the roundel device and word mark, restraining passing off, restraining use of any of the plaintiff's intellectual property, preventing use of a domain name or business name with BMW and directing the handing over of offending materials in the defendant's possession, in addition to damages under various headings.

The plaintiff says that it has no objection to the defendant referring to BMW in the course of his business as long as it is done in a legally permissible way. The plaintiff believes that unless the defendant is restrained, the unlawful conduct will continue. The plaintiff suffered loss, damage, inconvenience and expense by the defendant's use of its trademark, which threatens to undermine the plaintiff's ability to benefit from the mark. The defendant has taken unlawful advantage of BMW's name and reputation.

### **Defence and Counterclaim**

The defendant denies the plaintiff's allegations and pleads that the plaintiff is estopped from bringing proceedings by reason of acquiescence in his use of the name BMW CARE, the device mark and elements of the word marks. The defendant commenced trading as BMW CARE in 2005 and formalised that position in 2006, investing time, effort and expenditure on developing the business under that name. The plaintiff has conducted regular business with the defendant, addressing him as BMW CARE and sent correspondence to him using that name. The defendant admits lawful registration of the name BMWcare; incorporation of BMWcare into his domain names and use of plaintiff's roundel in the course of trade. These acts amount to non-infringing use of the marks under s. 15(2) of the Trade Marks Act, 1996 because—

1. they are necessary in order to communicate to the public effectively and comprehensively the nature of the services offered by the defendant;
2. they are necessary to enable the defendant to compete fairly with mechanics authorised by the plaintiff to repair and maintain BMW vehicles;
3. the defendant has expressly denied affiliation to the plaintiff's business and has a market strategy of absolute independence from the plaintiff, therefore the public are not being misled into believing a connection exists;
4. they do not cause confusion between the defendant's domain names, etc and the plaintiff's device and word marks;
5. they do not damage the reputation attaching to the plaintiff's marks;
6. they takes no unfair advantage of the reputation or goodwill of the plaintiff's marks;
7. they are in full compliance with honest commercial practices.

The defendant counterclaims for a declaration that Original BMW Care Products Natural Care is invalid pursuant to Art. 7(1) of the Community Trade Mark Regulation as being descriptive and/or devoid of distinctive character.

### **Evidence for the plaintiff**

The following is a summary of relevant material from the testimony adduced on behalf of the plaintiff. The plaintiff has a trademark portfolio of about 30,000 marks, 80-85% of which are BMW related and the majority of them include the word "BMW". In Germany the mark was accepted on the 5th of October 1917. Ms. Bettina May gave evidence that there have been minor changes over the years, particularly with regard to the letters and to the style, but the main idea of this trademark has remained. 'Bayerische' means Bavarian and the blue and white colours of Bavaria are incorporated into the logo. As BMW started with the manufacturing of aircrafts, the blue and white part of the roundel reflects a rotating propeller. The roundel has always appeared with the word 'BMW' included. The roundel is of course itself registered as a trademark and is "iconic" in the words of Mr. Howard S.C. It is one of the best known trademarks in the world. In addition to the propeller device, it has the blue panels in diagonal segments of the circle and on top it has the letters BMW.

Mr John Lawlor's evidence was that BMW spent in or around €32.4 million in Ireland between 2005 and 2013 on advertising. This equates to approximately €4 million per annum, 80 – 85% of which is spent directly on BMW and is not inclusive of the spend authorised dealers have to make themselves in terms of marketing and branding. The results of the Reptrak 2013 survey show that BMW is the most recognised brand in Ireland.

Mr. Lawlor explained in detail the process required of those who wish to become authorised BMW service agents. The agreement stipulates certain conditions in terms of the premises, the customer facilities, the tooling, the equipment, the signage and training that an agent has to provide in order to become an authorised BMW service agent. An audit is then carried on the foot of that which, if passed, allows admittance into the BMW network. The requirements are very comprehensive in terms of the tooling list and the

infrastructure that an agent would need to actually service a BMW. The cost would be in the region of €250,000 – €300,000. Authorised mechanics undergo specific continual training, which takes place in the UK, at a cost to the individual service agents.

Authorised BMW dealers can use the BMW roundel and marks but there are internal restrictions on how to use the roundel and the context in which it can be used. Dealers are aware of the extent to which they can use it and BMW work closely with them when they are producing their marketing or advertising materials to make sure the brand is represented properly and portrayed in the right way in line with BMW policy.

Authorised dealers cannot use BMW in their garage name. They can use BMW in their domain name and email addresses but it follows a format (an example given was 'www.martinreillybmw.ie') and they must return it if they cease being authorised dealers. Authorised service agents are different again and use an email address such as 'bmwservicebarrymotors.ie'.

The defendant has not received any element of the training an authorised service agent should receive. These independent businesses are completely legally and commercially independent of BMW. They are not entitled to use the BMW roundel but can use the BMW word mark.

BMW has registrations in over 140 countries worldwide and, under Class 12 of the Nice Classification, which includes vehicles, parts and accessories, the BMW roundel has around 400 registrations. The BMW word mark has 200 registrations worldwide under Class 12. BMW also file registrations in other classes. For example, Class 37 is for repair and maintenance services for which the BMW roundel has around 280 registrations worldwide and the BMW word mark around 140. The domestic Irish registration in respect of the BMW roundel in Class 7 and Class 12 was on the 16th of February, 1987. Included in class 7 are "internal combustion engines" and in class 12 "motor vehicles, automobiles and motorcycles side cars and parts thereof".

'Original BMW Care Products Natural Care' is a CTM which was filed in the Patent Office on the 21st of August, 2009 and registered as a word mark on the 17th February, 2010 under Nice Classification 3, which includes "cleaning, polishing and care preparations for the cleaning and care of motor vehicles".

Mr Brian Reilly, General Manager of Martin Reilly Motors, authorised BMW dealers, gave evidence that the reason he brought the defendant to the plaintiff's attention was because of the significant financial investment he personally has made to represent BMW. Anyone using the plaintiff's logo or trademarks without authorisation is diminishing and diluting the value of the brand. He became aware of the defendant through a customer who seemed to believe the defendant was connected to BMW. The customer had used the defendant's services and believed that he had maintained a proper service history which he had not. It was reasonable for the customer to assume the defendant was connected to BMW because of his use of the BMW logo and BMW name.

Mr. Paul Murray testified that the plaintiff has sold products since the 1980s that bear the mark BMW Care. Therefore, when the defendant re-branded his business in 2006, the plaintiff was already selling goods bearing the BMW Care mark. His function was in respect of the Irish market and therefore he was not familiar with the UK publications. He was not aware of Total BMW Magazine, whose July 2009 was shown to him by counsel for the defendant, Ms. Sheehy-Skeffington. He agreed that it used the BMW roundel and said if it was an Irish publication he would report it. He was referred to Performance BMW magazine, March 2011 edition, in which there was a feature on a website called www.bmwowner.com with which Mr. Murray was not familiar. He was referred to a feature on the website forum bmwdriver.net. He was unaware of the forum despite it being Irish and said this was because there are numerous forums and he could not be expected to know all of them. Ms. Sheehy-Skeffington quoted from the article:-

"The solid core of users have vast knowledge of all things BMW and among them are several independent garages and mechanics."

Ms. Sheehy-Skeffington said that 'independent' in this sense meant not affiliated to BMW and Mr. Murray that the phrase 'independent repairer' was a recognised term within the industry.

He was referred to a copy of Autotrader magazine, March 2010 edition, and agreed that in an advertisement for 'BMW Spares', an unauthorised use of the BMW roundel was printed in the magazine which he said he would investigate. He agreed that the same advertisement was subsequently published in an edition of 'Buy and Sell' 2013. He said he would alert his colleagues but also noted that while it is an Irish publication, the advertisement was from a business based in the UK.

### **Evidence for the defendant**

The defendant, Mr. Eddie Ronayne, has a small garage in the west of Ireland at Cloonfad, Co. Roscommon. This originally belonged to his late father who had a car repair and car sales business. Mr. Ronayne is an expert mechanic and he had worked a lot on BMW cars and was a great admirer of them. His evidence was that in 2001, following the introduction of the European On-board Diagnostics, every manufacturer had to have a common interface machine that could be plugged into the different vehicle brands sold in Europe. This machine only dealt with emission-related faults so, if there was any other issue with the vehicle, repairs had to have specific diagnostic equipment for each particular brand. Each manufacturer developed personal diagnostic machinery. The defendant had been using a diagnostic machine called Autodiagnos which worked on multiple brands but it was becoming limited as the industry moved on.

He initially had a Ford main dealer tool, which also worked on Jaguars, and later the tool for Bentleys but he sold both as there wasn't much work for those brands. It was his experience that people were enthusiastic about BMW's. He came to the conclusion that there was no viable way forward unless he was to specialise in one, two or three brands. He conceived a plan to specialise in BMW's and, while he might work on other makes, this would be his primary interest. He purchased an Autologic tool around 2005/2006 and this piece of equipment has allowed him to carry out repairs on BMW cars, in some cases where main BMW dealers could not do so. The defendant gave examples of re-setting light modules and installing retro fit iPod players. He also has the specific BMW tools for dismantling their four cylinder valvetronic engines.

It was also around 2005/2006 that Mr. Ronayne came in contact with Mr. Michael Farrell, who is by occupation a web designer who has his own business, operating in a fairly small way in the internet environment. Mr. Farrell was having difficulty with his car – not a BMW as it happens – and got a recommendation to go to see Mr. Ronayne at his very modest garage premises in Cloonfad, which he did. It was Mr. Farrell's evidence that when he initially consulted with the defendant on 5th December 2005, Mr. Ronayne was using the name BMWcare. Mr. Farrell was most impressed when he got inside the defendant's garage, which was very different from his first impression of the outside. He was even more pleased by the efficiency of Mr. Ronayne as a car mechanic.

The pair fairly quickly formed a close relationship that was based partly on friendship and partly on mutual interest, in that Mr. Ronayne needed advice about setting up a website and Mr. Farrell was in a position to help with that and Mr. Ronayne was good at fixing cars and Mr. Farrell needed that from time to time. Mr. Farrell helped the defendant to market his business and business idea.

The defendant gave evidence that he has been known as 'BMWcare' on internet forums since May 2006. He initially decided upon the name BMWcare from speaking with a friend of his who used the handle 'autofix' online. He had played around with different names including BMWfix, but was looking at a BMW car magazine and decided that if he put an "e" on the end it became BMWcare.

Mr. Farrell did a search online and found that the domain name 'BMWcare.com' was not available. He made several suggestions to the defendant, including picking a new name, but the defendant decided to hold out for the domain address as on all the web forums he was known as BMWcare. In October / November 2005 he started using BMWcare@eircom.net and bmwcare@gmail.com. Initially he kept a low profile between October 2005 and September 2006 as the domain name BMWcare.com was owned by an Australian and he did not want it known that he was trading under the name, as he was afraid he might run into trouble with the actual owner of the website name. The domain name was eventually purchased through use of the site Godaddy.com Inc. and was registered in April 2006. GoDaddy.com Inc. is a service which monitors registries of domain names and is programmed to alert on expiry of registrations. They tell clients when a domain name has failed to be renewed and can assist in securing it for a client. When GoDaddy.com Inc. had secured the domain name for the defendant, Mr. Farrell started to draft the website in 2006. At that point the defendant had secured the three main domain names, bmwcare.com, bmwcare.net and bmwcare.org.

Mr. Farrell said that the aim with the webpage was for the defendant to get across the message that he was every bit as good as a recognised BMW garage without being one, noting that the defendant operates from a shed whereas BMW garages have huge modern buildings with signage out front. The defendant's plan was always to ensure that people did not think he was connected to BMW. He did so by always saying he was independent. The website includes phrases like; "Independent advice and assessment"; "We are proud to be independent" and "Beholden to no one".

Mr. Farrell had wanted to get an alternative logo that looked "BMW-ish" in case the roundel could not be used. However, the defendant was aware of the relevant copyright law and referred Mr. Farrell to the decision in *Deenik* which he said meant he could use the BMW marks to make his website look like a BMW site. It was the defendant's evidence that he had read the *Deenik* judgment closely and was convinced he could use the name provided he made it clear he was not associated with official BMW. The defendant remains assured that BMW cannot say he is infringing their brand when he has always said he is not affiliated to them.

The defendant's understanding of the *Deenik* judgment is that the Court found that Mr. Deenik had an entitlement to call himself a BMW specialist. He understood from it that the trademark or mark owner could not prevent someone else from using the mark in order to promote their own business.

Mr. Ronayne believes that he went further than Mr. Deenik and distanced himself from BMW by referring to his business as an 'independent BMW specialist'.

From Mr. Ronayne's perspective, the point of the webpage was to grab people's attention and let them know he works in BMW. His opinion remains that anyone who looks at it is not going to confuse it with official BMW. The site needed to have BMW on it as it would have been useless to him and his business had another brand, or no brand, been on the webpage. Mr. Farrell stated in evidence that:-

"The whole point of the website was to be able to tell somebody in ten seconds this looks like a BMW website. Thereafter once they see it make it as much a non-site as is absolutely possible."

The website went live in or around the 13th September, 2006.

In relation to the wording at the bottom of website, Mr. Farrell said that the text:-

"BMW is pleased to acknowledge that ownership of copyright, trade marks, logos and devices are vested in BMW"

is an acknowledgement, and was never meant to be a disclaimer.

Mr. Ronayne believed his independent brand specialist concept was such a good idea that he planned to extend it to other quality makes and specifically to Mercedes where he would operator under the name Mercedescare. For the moment, however, he was going to operate BMWcare. If and when that became a success, he would be in a position, as he thought, to operate a franchise business whereby he could licence other garages to use the same name, BMWcare. This was in the future of course, but it was in Mr. Ronayne's mind at the time.

In relation to the email correspondence from the plaintiff's solicitors, Mr. Farrell did not take it seriously at first because of a number of errors. Mr. Farrell maintained that when he initially received the email from the plaintiff's solicitors he was completely incredulous as it was so out of the blue. The email was followed up by a registered letter. He never expected to receive a 'cease and desist' letter for something for which he had no responsibility. He found it difficult to believe that somebody would accuse him of being a BMW garage and using the BMW logo on a website that was not his. The other thing was that the letter "demanded nearly two blank cheques" in order to stop proceedings and that alerted Mr. Farrell to the fact that it might not be genuine. At that point, no questions had been asked of him. He felt that the proposition was outlandish and was affronted by the tone and content of the letter. He did not try to contact the solicitors to clarify the position but, instead, recommended to the defendant to acquire the other BMWcare domain names.

The defendant ceased using the BMW roundel on his webpage in December 2012.

Mr. Farrell saw Mr. Ronayne as being a young man in a shed with big ideas about being able to pilot a BMW project, follow it up with a Mercedes project and develop into a market for which there was a lot of interest. Mr. Ronayne had put an awful lot of work and effort into it was very focussed. Both he and the defendant were trying to figure out why, after years of leaving him alone, BMW headquarters suddenly became interested in his business. It was Mr. Farrell's position that such a move by BMW was intrinsically wrong and unfair. In that correspondence to the defendant, he was just saying that they needed to establish whether Mr. Ronayne was in any danger.

The defendant had said that he thought that BMW might have a Care Line and he thought that their intervention was because BMW wanted to use the mark 'BMWcare' and found when they went to acquire it that he already had it. Mr. Farrell's understanding was that the BMW Care Line was some kind of a shampoo thing and had to do more with people who were going to care for their own cars. The only logic to BMW intervening at that point was if they needed the name for themselves.

Counsel for the plaintiff, Mr Howard SC, put to Mr. Farrell that on the 26th September, 2010 acting on behalf of Mr. Roynane, he

purchased additional BMWcare domain names. He agreed that BMWcare.org was added but some others were renewals.

The use of a hyperlink between BMWcare.ie, .info, .biz and the main BMW website was included in 2010 when litigation began. Mr. Farrell said both he and the defendant felt that registering the sites would annoy BMW so instead he provided a hyperlink directing people who arrived at BMWcare by mistake back to the main BMW website.

Mr. Ronayne disagreed that the plaintiff's solicitors made it clear that he could operate a car servicing and repair business for BMW cars but could not do so by using the plaintiff's iconic logo and marks. Mr. Ronayne's position was that the solicitors' letter implied that he was breaking the law, which he does not believe he was.

In relation to the email from Mr. Farrell to the defendant following receipt of the 'cease and desist' letter from DFMG Solicitors, Mr. Ronayne said the reason he purchased the remaining domain names for BMWcare was because Mr. Farrell pointed out that the plaintiff could acquire them and spend significant sums of money on online advertisements, placing them above BMWcare on the page rankings of internet search engines. He did not intend to use the domain names, he just wanted to stop the plaintiff from acquiring them. Mr. Farrell rejected the proposition that he and defendant, upon receipt of the letter from DFMG Solicitors, 'sat down and schemed'.

Mr. Ronayne stated that he had never considered buying other BMW related domain names, his brand was BMWcare.

### **The Plaintiffs submissions**

The trademarks in question in this case are members of a family of marks. The BMW logo is a roundel consisting of a circle quartered in panels of blue and white and surrounded on the outside by a black band containing the letters BMW. This is a composite mark consisting of the symbol or sign and the letters/name BMW. The sign is registered, as is BMW. The other Mark is "Original BMW Care Products Natural Care". These three marks are those that the plaintiff alleges have been infringed.

The plaintiff summarises the relevant statutory legal provisions to be considered in the case as being: Section 14 of the Trade Mark Act, 1996 applies to various kinds of infringement; sub-section (1)—identical mark and identical goods/ services; (2) – identical mark/similar goods/services or similar mark and identical goods/services with likelihood of confusion; (3) – using mark without due cause and taking unfair advantage or being detrimental to the trademark; piggybacking on the mark; Section 61 (2) under which the plaintiff seeks an injunction; the tort of passing at common law.

The defendant's behaviour is in breach of section 14 (3) because it is parasitic, riding on the coat-tails of BMW and tarnishing its mark because the company has no control over the standards and training of personnel employed by the defendant.

The defendant cannot justify his activities on the basis of the statutory—section 15 (2)—defence of honest practice in industrial and commercial matters in that he has far overstepped the boundaries of this defence. The plaintiff accepts that the defendant may refer to BMW in a legally permissible way to advertise his services as a mechanic but doing that does not justify using the BMW roundel or using the trading name BMWcare or establishing multiple domain names including BMWcare in their title.

Case law supports the plaintiff in this respect: see for example *BMW v Deenik* and the judgment of the Hague court in *Porsche v Van den Berg*.

The suggested defences of acquiescence and estoppel do not arise. The fact that the defendant was included on an e-mail address list and was sent advertising material on a small number of occasions does not and could not in the actual circumstances amount to acquiescence. Neither are there facts that could give rise to an estoppel.

The defendants counterclaim is groundless. It seeks to invalidate the CTM "Original BMW Care Products Natural Care" because it is merely descriptive and is not distinct but that cannot arise because of the use of the name BMW, which makes it distinctive and not exclusively descriptive.

In considering the likelihood of confusion under section 14 (2), the court should bear in mind that the trademarks that are in issue in this case are members of a family of trademarks whose common distinctive feature is BMW and of course that name itself is registered as a CTM. The Citigate case (*IG Communications Ltd v OHIM*: T-301/09-26th September 2012) was an example of refusal of registration which was upheld by the General Court on the ground of likely confusion. The test of likelihood of confusion is amply satisfied.

The defendant gave undertakings in July 2013 not to use the roundel and it seems that he took it down from his website in September 2013.

The defendant's website also gives rise to initial interest confusion, a concept that is recognised in European jurisprudence.

The defendant's sign BMWcare is similar to "Original BMW Care Products Natural Care" in that BMW is a prominent if not dominant feature of each; visually, a consumer is likely to think BMWcare is part of the family; conceptually, they are similar; the goods/services are similar or if they are not, lesser similarity of goods/services may be offset by greater similarity of the sign and the mark: *Specsavers Intl v Asda Stores Ltd*; the essential point is confusion, which is inevitable.

In regard to the tort of passing off the plaintiff must establish three things which the plaintiff submits it has done: goodwill or reputation attached to the goods or services in the mind of the public by association with the identifying get-up such that the get up is recognised by the public as distinctive to the plaintiff's goods or services; misrepresentation by the defendant leading the public to believe that his goods or services are those of the plaintiff; the plaintiff has suffered or is likely to suffer damage as a result. It is not necessary to prove intention; the defendant's state of mind is irrelevant—*McGovern J in Allergan Inc v Ocean Healthcare Ltd* [2008] IEHC 189.

The judgment of the German Court in *Volkswagen* [2012] ETMR 18 emphasised the limitation of the entitlement of the service provider's use of the registered device. Similarly, The Hague Court ruled in *Porsche v Van den Berg* decided against a service provider in circumstances very close to those of the instant case. That case had similar complaints as to use of domain name, trade name and logo. The Hague Court held that the defendant's actions were infringing conduct and the defence of honest practice did not apply. The court also rejected a defence based on a disclaimer that it held would not be perceived by the average visitor.

The disclaimer on Mr Ronayne's website is inadequate because it does not protect against initial interest confusion, it is insufficient as drafted and it is at the bottom of the website in small print. Jacob J. stated in *In Newman Ltd* [2006] FSR 16 at para.44 that "a disclaimer must be sure to bring it home to all types of reader (including a reader with imperfect or partial memory) what the position

is.” The defendant’s does not meet these requirements.

### **The Defendant’s Submissions**

The first point concerns the issues in the case, on which the defendant seeks to narrow the question of alleged infringement so as to concern only the plaintiff’s trade mark “Original BMW Care Products Natural Care”. This was registered for cleaning preparations for cars some years after the defendant began using BMWcare. The defendant submits that the only issue on infringement is whether “Original BMW Care Products Natural Care” can be confused with “BMWcare”.

In respect of the use of the roundel, the defendant says that he conceded the point and has not used it since the 19th July, 2013.

The defendant’s website emphasises his independence.

The particular trade mark “Original BMW Care Products Natural Care” is little known, was registered three years after the defendant began to use his sign and the plaintiff was aware of such use and acquiesced in that use. There has been no evidence of consumer confusion.

The plaintiff’s mark and the defendant’s insignia are not similar, relate to different goods and services and the consumers to whom they are appealing are sophisticated so there is no likelihood of confusion.

Even if one assumes the possibility of confusion, the defendant’s sign is permissible as honest commercial use for the purpose of advertising his services. The relevant market is full of non-authorised users of the BMW name.

No case of dishonesty can be made against the defendant.

There is no infringement of the trademark because there is insufficient similarity between the trademark owned by the plaintiff and the name or sign used by the defendant. The mark refers to goods and the sign to services and the sophisticated consumer base is unlikely to be confused. The submission cites a passage that the plaintiff also relies on from the Case -39/97 *Canon Kabushiki Kaisha v Metro Goldwyn Mayer* – para. 17- as follows:-

“A global assessment of the likelihood of confusion implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between these goods or services. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks, and vice versa. The interdependence of these factors is expressly mentioned in the tenth recital of the preamble to the Directive, which states that it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion, the appreciation of which depends, in particular, on the recognition of the trade mark on the market and the degree of similarity between the mark and the sign and between the goods or services identified.”

There is little or no similarity between the plaintiffs trademark “Original BMW Care Products Natural Care” and the defendants sign “BMWCare”. Confusion is unlikely between them given that one is a string of six words and the order is or can be regarded as a seven letter word. “The imperfect picture of the mark in this case often does not sequentially link the words BMW and Care”. Marks that comprise largely descriptive elements are less likely to be the subject of confusion than distinctive ones. Conceptually, the mark and the sign are different. It is not permissible to home in on particular elements of a trademark unless they form the dominant element of it.

The goods and services are not identical and have no or no significant similarity. The mark is registered in respect of goods. The defendant’s sign is used in respect of a specialist car repair service. A cleaning product is wholly different from a repair service and the only feature they have in common is cars. The goods produced by the plaintiff and marketed under the name Original BMW are not required for the service provided by the defendant or vice versa; they are neither interdependent nor complementary.

There is no likelihood of confusion. The relevant time is when the defendant first used his sign. He has been using it in materially the same manner since January 2007, when the website went on-line. The stationery was produced towards the end of the year. The trademark was registered in August 2009, but the product under that name was being marketed from a time prior to the first use of the sign by the defendant.

The plaintiff was aware of the defendant’s use of the sign when it registered the mark and continued to acquiesce in the defendant’s use of it. The submission argues that it is unconscionable that complaint and confusion can be maintained in circumstances where the plaintiff adopted it after the defendant had established his trading persona.

The relevant public consists of sophisticated discerning consumers and that is a relevant matter to be taken into account in deciding on the potential of confusion. Those consumers are aware that there are dealerships and service mechanics linked to BMW who use the word authorised and that BMW uses the word original to market its products. But they are also aware of the independent specialists who operate in the market. There are magazines and on-line discussion forums and a variety of other services that are not linked to BMW, but which necessarily use the letters BMW to indicate their offerings.

Consumers using the internet have particular knowledge and experience that makes it unlikely that they will be confused by a domain name incorporating a trademark name: see the judgment of Chief Judge Kozinski of the Federal Circuit Court of Appeals 9th Circuit in 2010 – *Toyota Motor Sales v. Tabari* 610 F.3d 1171.

There has been no actual confusion demonstrated since the defendant began using his sign.

The use of the defendant’s sign is permissible in accordance with honest commercial practices. The regime of protection of trademarks in the Directive and Regulation is intended to reconcile trademark protection with free movement of goods and services. The defendant relies on s. 15(2) of the Trade Marks Act.

The defendant registered his business name on the 5th April, 2006. The trademark was filed with OHIM on the 21st August, 2009. For this reason, the defendant raises the argument in the written submissions that the defendant was in a position to use the “own name” entitlement.

The use is necessary to indicate the intended purpose of the service.

Honest commercial use is compliant with by the defendant, who needs to refer to the word BMW to indicate the purpose of his BMW

repair service. BMWCare is the business name he adopted prior to the registration of Original BMW as a trademark.

An overall assessment exonerates the defendant from any allegation of unfair competition: he has been openly trading since 2006, the mark was registered in 2009, the plaintiff only took steps in 2010; the conditions of the market with other traders using the word BMW to inform potential customers is relevant; the distinction between authorised and independent dealers similarly points to the legitimacy of what the defendant is doing. The use of BMW in the domain name complies with honest commercial practices on the internet.

The defendant has to break into a market in which there is a bias in favour of the plaintiff's authorised dealers and service repairers because of warranties.

The defendant has distinguished his site from BMW. He created his market with knowledge and understanding of the *Deenik* case. He took care to keep his marketing material within the ambit of *Deenik* and within the realm of honest commercial practices. He avoids the impression of any commercial connection being drawn. His success in so-doing is evidenced by the lack of any actual confusion having occurred. "The websites and business stationery are replete with references to independence and lack of affiliation to the plaintiff. Indeed, the text on the website markets independence as a strong selling point."

The defendant does not give any impression of a commercial connection or any cause for confusion. Neither is there any discrediting or denigration of the mark and there is no impact on the value of the trademark. Mere association does not amount to the likelihood of confusion. The fact alone that there is a connection is not decisive.

In respect of passing off, there is no misrepresentation to the public that the services of the defendant are those of the plaintiff or that a commercial connection exists. Alternatively, the defendant pleads acquiescence in circumstances (a) where the claimant knows of its right to restrain the defendant, (b) knows that the defendant has a belief –albeit a mistaken belief—as to his legal entitlement and that the defendant has acted on that mistaken belief, (c) the plaintiff knowing of the defendant's mistaken belief directly or indirectly encourages him in his activity, such a claim by the plaintiff will not be permitted: *Habib Bank Limited v. Habib Bank AG Zurich* [1981] 1 W.L.R. 1265.

The defendant asserts that Original BMW is not entitled and was not entitled to registration and ought to be invalidated because it is exclusively descriptive. BMW is not sufficient to distinguish the common words that are the other parts of the name of the product and the trademark because the European Court has permitted repairers to use the word BMW to describe their businesses.

The defendant must be permitted to trade in a manner that allows him honestly to deploy his exceptional skills in the motor trade, which has become more specialised and his speciality is BMW cars and he needs to establish his business presence as such.

A case brought by a casino in Monte Carlo for infringement of its trademark against a UK company that organised casino games for private parties is reported at (2013) EWEPC 38 - 11th September, 2013 in which the Recorder held that if the consumer is likely to give a lot of attention to the choice of supplier that is an argument against the likelihood of confusion. A person dealing with a BMW website is going to give it a lot of attention and therefore there is little room for confusion.

## Discussion/Analysis

I now turn to consider the issues that arise in this case by first setting out the sections of the Trade Mark Act that are relevant. They correspond to the Directive and there are similar provisions in the Trade Mark Regulation that protects marks in the Community Trade Mark regime. Secondly, there are three cases of immediate and central relevance that featured in the argument or evidence. The defendant understood that he was permitted to present his business and set up his website as he did by reason of the decision and judgment of the European Court of Justice in *BMW v Deenik*. His counsel Ms Sheehy Skeffington also relied on the US case of the Federal Court of Appeal for the 9th Circuit that held that auto brokers were legally entitled to use a prestigious car brand name in their domain names: *Toyota v Tabari*. Mr Howard SC for BMW produced a recent decision of The Hague Appeal Court, *Porsche v Van den Berg*, denying entitlement of a car dealer to incorporate a famous brand name into his business and domain names on the basis of EU law. Thirdly, I will refer to some material parts of the evidence. Fourth, I will address the cases made by the plaintiff and the defendant and reach conclusions on the infringement case. Finally, I will decide the claim for passing off and incidental and consequential matters.

### (a) Trade Mark Act, 1996

The Trade Marks Directive 2008/95/EC and the Act that implements it seek to balance the protection of the rights of trade mark proprietors and the free market. Different modes of infringement are prohibited but they are qualified by the right to use a mark when it is necessary in order to communicate information about a person's business, provided it is done in accordance with honest commercial practice.

Section 14 identifies classes of infringements of a registered trade mark in the course of trade. In sub-section (1), there is use of an identical sign in relation to goods or services identical with those for which the mark is registered. This corresponds with Article 5 (a) of the Directive and an example of when it is engaged is where a business advertises that it deals in or specialises in trade mark protected goods. "BMW specialist" was one of the advertised descriptions considered and permitted by the European Court of Justice in *BMW v. Deenik* case C-63/97.

Under sub-section (2) it is wrongful to use an identical sign in relation to similar goods or services or a similar sign for identical goods or services, if there is likelihood of confusion. Kitchen LJ in *Specsavers Intl v Asda Stores Ltd* [2012] EWCA Civ 24 summarised the key principles including that the court looks at the question globally through the eyes of the average reasonably observant consumer who cannot directly compare the sign and the mark. The question is one of overall impression and not just the dominant elements; the visual, aural and conceptual similarities are assessed; lesser similarity of the sign and the mark may be offset by greater similarity between the goods or services and vice versa.

Thirdly, a person infringes a registered trade mark by using an identical or similar sign for goods or services which are not similar to those for which the trade mark is registered, where the trade mark has a reputation in the State and the use of the sign without due cause takes unfair advantage of the reputation of the trade mark or its distinctive character or is detrimental thereto: S.14(3).

Under Section 61(2) the proprietor of a trade mark which is entitled to protection under the Paris Convention as a well-known trade mark shall be entitled to restrain by injunction the use in the State of a trade mark which, or the essential part of which, is identical or similar to the proprietor's mark, in relation to identical or similar goods or services, where the use is likely to cause confusion.

Section 15 permits use of a trade mark in a number of circumstances including where it is necessary to indicate the intended purpose

of a product or service, in particular, as accessories or spare parts, provided that such use is in accordance with honest practices in industrial and commercial matters. This applies Art 6(2) of the Directive.

Section 8 prohibits registration of, inter alia, trade marks which are devoid of any distinctive character and also trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services.

**(b) Three prestige car makers, three dealers, three cases: BMW, Porsche & Lexus v Messrs Deenik, Van den Berg & Tabari**

The defendant, Mr. Ronayne said in evidence that he chose the name BMW CARE following a consideration of the *Deenik* case decided by the European Court of Justice and that is a good place to begin consideration of the fundamental issues in the case. Three cases that were referred to in argument and submissions are of immediate interest and relevance are *BMW v. Deenik* case C-63/97; *Porsche v. Van Den Berg*, judgment 15th January, 2013, Hague Appeal Court; *Toyota v. Tabari*, US Court of Appeals, 9th Circuit – 8th July, 2010.

In *Deenik* the European Court of Justice answered a series of questions referred by the Hoge Raad, the Supreme Court of the Netherlands, under Article 177 EC. BMW complained that Mr. Deenik made unauthorised use of its BMW trademark in advertisements for his garage business. The question was whether he could use expressions such as “repairs and maintenance of BMW’s”, “BMW specialist” or “specialised in BMW’s”. Mr. Deenik runs a garage and specialised in the sale of second hand BMW cars and in repairing and maintaining them. He is not part of the BMW dealer network. The court of first instance dismissed BMW’s claim and the latter appealed. The matter made its way to the Supreme Court and the reference to the European Court of Justice.

The court referred to Articles 5 to 7 of the Directive, noting that under Article 6 “the proprietor of a trademark may not prohibit a third party from using the mark where it is necessary to indicate the intended purpose of product, provided that he uses in accordance with honest practices in industrial or commercial matters”. The court declared that the use of the mark in Mr. Deenik’s advertising to inform the public that he carried out repairs and maintenance of goods covered by the trademark or that he was a specialist in them constituted use within the meaning of Article 5(1)(a) of the Directive. That is similar to s. 14(1) of our legislation.

Article 7 was relevant to the part of Mr. Deenik’s business concerned with selling second hand BMW’s and Article 6 in relation to repair and maintenance. Article 6(1)(c) says that the proprietor of a trademark is not entitled to prohibit a third party from using the mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, provided he uses them in accordance with honest practices in industrial or commercial matters. The court reached the same conclusion in respect of the issues arising under Article 6 and Article 7. It noted that Article 7 is intended to reconcile the interests of trademark protection and of free movement of goods. The court concluded – at paras. 63 and 64 of the judgment – that (a) the use of another’s trademark for the purpose of informing the public of the repair and maintenance of goods covered by that mark is authorised on the same conditions as those applying where the mark is used for the purpose of informing the public of the resale of goods covered by the mark and, consequently, (b) “Articles 5 to 7 of the directive do not entitle the proprietor of a trade mark to prohibit a third party from using the mark for the purpose of informing the public that he carries out the repair and maintenance of goods covered by that trademark and put on the market under that mark by the proprietor or with his consent, or that he has specialised or is a specialist in the repair and maintenance of such goods, unless the mark is used in a way that may create the impression that there is a commercial connection between the other undertaking and the trademark proprietor, and in particular that the reseller’s business is affiliated to the trademark proprietor’s distribution network or that there is a special relationship between the two undertakings.” This is the paragraph that the defendant showed to Mr Farrell.

The court noted in *Deenik* as part of the facts that in the Netherlands BMW markets its vehicles through a network of dealers which it supervises with the help of its local company.

“Dealers are entitled to use the BMW mark for the purposes of their business, but are required to meet the high standards of technical quality deemed necessary by BMW in the provision of service and warranties and in sales promotion”.

That is the same as in Ireland. The evidence is that dealers are entitled to use the roundel device logo, but that does not apply to authorised service agents who are not dealers.

The case of *Porsche v. Van Den Berg* is very close to the circumstances that arise in Mr. Ronayne’s case. The judgment is based on the following relevant facts. Mr. Van Den Berg has been trading since September 1995, in used cars primarily Porsches, in new and used parts and repair and renovation of Porsche cars. Since 1996 at least, he has used the trade name “Porsche Specialist Van Den Berg” that differs in some other presentations I know but that is the way it is here. Since the 11th March, 1999, Mr. Van Den Berg has been the holder of the domain name [www.porschespecialist.nl](http://www.porschespecialist.nl) on every page of his website the expression “Porsche Specialist” appears in small capitals under the logo and on the right side of each page the words “Porsche Specialist VAN DEN BERG Apeldoorn BV” appear. He also used an image that followed the outline of a Porsche 911 sports car, but we are not concerned with that image.

Porsche applied at the first instance court for orders prohibiting Mr. Van Den Berg from using its trademarks or similar signs. The Lower Court rejected the application and Porsche appealed. The issues before the court concerned (i) Porsche Specialist Van Den Berg or a variant, (ii) the domain name [www.porschespecialist.nl](http://www.porschespecialist.nl) (iii) Porsche Van Den Berg and variants as a trade name (iv) and (v) a logo and image which are not of relevance to this case.

Porsche’s argument was the Van Den Berg was not using the signs in accordance with honest standards in an industrial or commercial practice. Specifically, the impression will be given to a significant proportion of the relevant public that there was a commercial connection between him and Porsche. The words specialist did not displace that impression. Porsche relied on market research in addition, but that is not a feature of this case.

The court found substantially in favour of Porsche and such favourable findings are all of relevance here and they are all favouring the plaintiff.

The court began its recitation of the conclusions by a summary of the relevant principles.

- (a) There is no honest use when the trademark is used in such a way that the impression can be created that there is a commercial connection between the third party and the trademark proprietor
- (b) In particular that the company of the third party belongs to the distribution network of the proprietor or
- (c) That there is a special relationship between the two businesses – for these propositions the court cited *Deenik* case



(d) Citing the case of *Amheuser-Busch* C-245/02, in considering honest standards in industrial or commercial practice in relation to the use of a trade name it is necessary to consider subpara. (i) whether the relevant public or at least a substantial part of it would understand the use of the trade name as an indication of a connection and subpara. (ii) the extent to which the third party must have been aware of it.

(e) The third party might profit in the marketing of its goods from the reputation of the trademark in the Member State.

The court concluded that the use by Van den Berg of the commercial signs assessed on the basis of the criteria that it set out above did not constitute honest use.

(a) use of the word "Porsche" or the expression "Porsche Specialist" by Van Den Berg *in its trade name or a commercial sign that they use "as a brand" to distinguish goods and services may*, in the opinion of the court, give the relevant public (in this case: Porsche owners for the repair/maintenance of their Porsche automobile and the purchase of spare parts, and (potential) buyers of used cars) the impression that there is a special relationship between that company and Porsche. There is a real chance that (a significant part of) the relevant public will see in such a use and indication of the existence of a connection between the goods or services of that company and Porsche.

(b) The word "specialist" did not remove that impression. "In the opinion of the court, it cannot be assumed that (a significant part of) the relevant public will infer from the use of the commercial sign "Porsche Specialist" in a trade name or as a trademark that the business is *not* and official dealer of Porsche".

(c) It is already sufficient for dishonest use that in essence the public may be given the impression that there is a special relationship between Van Den Berg and Porsche which does not have to be an official dealership.

(d) Van Den Berg must have been aware of that.

(e) Porsche has a reputation in the Benelux in which Van Den Berg might profit for marketing its goods or services.

In relation to the website with the domain name [www.porschespecialist.nl](http://www.porschespecialist.nl) the court held that it gave the impression of a special relationship between Van Den Berg and Porsche. The defendant in that case relied on a disclaimer in the website, but the court was not impressed and held that "the disclaimer is placed so close to the bottom of the web pages that it will not be perceived by the average website visitor".

The Hague Appeal Court emphasised that Mr. Van Den Berg was entitled to make statements in advertisements such as: "Van Den Berg Garage, specialising in repair and maintenance of Porsche", "Specialist in Porsche" and "specialised in Porsche". Porsche had indicated that it had no objection to such designations and the same is the situation here as BMW has made clear.

In another echo of this case, the issue of estoppel arose with Mr. Van den Berg. The court held that the mere passage of time or inaction by Porsche was not sufficient basis to decide that it had forfeited its rights. Neither did it matter that Mr. Van Den Berg had placed orders or had been addressed by the name that he was using and that was an issue in the case.

The Hague Appeal Court then considered the various uses of the Porsche name that were in dispute. In respect of the name "Porsche Specialist Van Den Berg" that was a use in relation to goods or services within the meaning of Article 5 of the Trademarks Directive. Porsche was entitled to oppose the use of that sign on the basis of its trademark rights. The names as the court held are in visual and auditory respects so similar that the relevant public could believe that the goods or services originate from the same or economically-linked businesses. The court took into account –

"(i) That the word "Porsche" is included in full in the sign and forms its first component, so that it attracts more attention than the following words while the Porsche brand through its reputation has very distinctive capacity, making it also the most distinctive part of the sign.

(ii) That Van Den Berg uses the sign for (parts of) the same cars and therefore goods and services (types) which are similar to the goods and services for which the marks were registered, and

(iii) That the Porsche brand is well known and therefore has a broader scope of protection."

The court's conclusion in respect of the use of this name by Mr. Van Den Berg is that Porsche may object to it and their claims were accordingly upheld.

The court then addressed the domain name [www.porschespecialist.nl](http://www.porschespecialist.nl) and held that, in light of its findings in regard to the previous question as to the name, Porsche was also entitled to oppose the use of this domain name. The court accepted that the degree of similarity between the marks and the sign "Porsche Specialist" (without the addition "Van Den Berg") is greater than between brands and the sign "Porsche Specialist Van Den Berg". The trade name "Porsche Van Den Berg" was outlawed by the court of first instance and the decision was not appealed in that respect, although there appears to have been some doubt as to whether the defendant actually used this sign.

I next have to consider the United States 9th Circuit Federal Appeals Court decision in *Toyota v. Tabari: Toyota Motor Sales, USA Inc. v. Tabari* 610 F.3d 1171, 1176 (9th Cir. 2010)

Chief Judge Kozinski introduces his opinion by defining the issue:-

"In this trademark infringement case, we consider the application of the nominative fair use doctrine to internet domain names."

The case concerned the Tabari's who are two auto brokers. They check prices and availability of cars, particularly luxury cars and then they offer information to consumers about the best deals and availability. The case concerned their service for Lexus cars which they offered through two websites: [www.buy-a-lexus.com](http://www.buy-a-lexus.com) and [www.buyorleaselexus.com](http://www.buyorleaselexus.com). The plaintiff in that case is the exclusive distributor of Lexus cars in the United States. Judge Kozinski records that a witness testified that Toyota spends over \$250m every year promoting the Texas brand. The Tabari's used the Lexus symbol design mark on their website. They were ordered to remove that

and that was not part of the appeal. The Tabari's argued that their use of the mark was required in order to identify the services they offered and was therefore permissible under the US legislation. The 9th Circuit decided that the District Court which had ruled against the Tabari's had erroneously applied the wrong test, namely, whether there was a likelihood of confusion. Instead, the court applied a different test known as nominative fair use which the 9th Circuit had previously devised for circumstances in which a defendant uses the mark to refer to the trademarked goods themselves. The test that the court applied asked (i) whether the product was "readily identifiable" without use of the mark; (ii) whether the defendant used more of the mark than necessary; or (iii) whether the defendant falsely suggested that he was sponsored or endorsed by the trademark holder. The court applied this test to the facts of the case and held that the Tabari's were not infringing the trademark rights of Toyota. Some points are noteworthy about the decision.

Nominative fair use is a doctrine that has been developed by the 9th Circuit and developed in previous cases. The court also considered that first amendment concerns as to freedom of speech arose in the case and had an impact on the decision. Thirdly, the majority of the court engaged in a description of the way the internet works, rather to the dismay and despite the protest of the third member of the court who, while concurring in the result, protested at the disquisition by his colleagues on how the internet operated and how consumers behaved visiting websites. He complained that in the absence of evidence, if such observations were speculation. Thus the court referred to consumers who go online and who are in the opinion of the court reasonably prudent consumers.

The court accepted that a domain name containing a mark cannot be nominative fair use if it suggests sponsorship or endorsement by the trademark holder. Sites consisting only of the trademark and a top level domain suffix such as dot.com or dot.org generally suggest sponsorship or endorsement by the trademark holder.

The Tabari's had changed the website at the time of trial by removing the stylised Lexus mark and instead there was a disclaimer placed prominently and which was in large font saying "We are not an authorised Lexus dealer or affiliated in any way with Lexus. We are an Independent Auto Broker". While the court did not think that such a disclaimer was required, it was relevant to the analysis of the issue of nominative fair use.

The 9th Circuit left further consideration of the case and determination of factual issues involved in the nominative fair use question to the District Court from which the appeal had come.

I should mention here a submission made by Ms. Sheehy-Skeffington on behalf of Mr. Ronayne which repeats a point made in *Tabari*. She suggests that the people visiting the defendant's site are BMW owners and are familiar with the brand and therefore unlikely to be deceived. They are reasonably sophisticated web users and their knowledge of the BMW brand will make them immune more or less to any confusion or to be misled by the way in which the site is presented. It will be clear to this cohort whatever about the public generally that there is no question of any connection between Mr. Ronayne and BMW. This of course is the very thing that one of the three judges in the 9th Circuit protested about because of the absence of relevant evidence on the point.

### **(c) Some relevant evidence**

The plaintiff has established its names and its position in the Irish and international markets with its trademarks. In respect of the "original" trademark, it is true that the defendant, Mr. Ronayne was using his name BMWcare prior to the registration as a CTM of the "original" name, but that is not the end of the matter because the evidence is according to Mr. Paul Murray of BMW that these products were on the market in Ireland since the late 1980's, years before Mr. Ronayne set up his name and there is therefore established use of the original name prior to Mr. Ronayne's setting up his name and website. One might consider that the actual sales are modest by BMW standards, but there undoubtedly is an established pattern of sales of some significance if viewed objectively – it amounts to something in excess of €1 million over a period of a relatively small number of years. It cannot therefore be ignored. That evidence which is not contradicted disposes of the defendant's claim to prior use.

The fact that the defendant's business name was included on a mailing list marketing BMW goods does not constitute acquiescence. This point arose and was rejected in *Porsche v Van den Berg*. It is also considered in other authorities. It is irrational and wholly unjustified to fix the proprietor of a trade mark with unintended and unknown legal consequences of knowledge and approval of every communication that may emanate from its own or associated businesses for any number of purposes. The slight evidence in this case goes nowhere near establishing acceptance by the plaintiff of the defendant's use of BMW CARE. Neither can it be suggested that there might be acquiescence by accident.

I think that the defence evidence from Mr. Farrell, the defendant's web adviser, and Mr. Ronayne himself was extremely candid. The defendant was confident in his belief that he had correctly understood the *Deenik* judgment. Mr Farrell was concerned at first that it might not be legally permissible to set up the website in the way the defendant had in mind. He was reassured by Mr Ronayne, who told him about the *Deenik* decision by the European Court of Justice and showed him the last paragraph. Mr Farrell explained what he thought it meant.

"And the reason for that was a court case which I understand it involved the Plaintiff and *Deenik* and there is a last paragraph in that, which he showed me at the time, which says that a trade mark owner cannot prevent the use of the trade mark in order to describe their business unless it is done in such a way as to infer that there's a relationship between, in this case, BMW or the dealer network in some way. So he already knew what I didn't and that was that there was case law that said that he could use BMW marks and things to make it look like a BMW site."

The paragraph [64] in the judgment is as follows:

"In the light of the foregoing, the answer to be given to the fourth and fifth questions must be that Articles 5 to 7 of the directive do not entitle the proprietor of a trade mark to prohibit a third party from using the mark for the purpose of informing the public that he carries out the repair and maintenance of goods covered by that trade mark and put on the market under that mark by the proprietor or with his consent, or that he has specialised or is a specialist in the sale or the repair and maintenance of such goods, unless the mark is used in a way that may create the impression that there is a commercial connection between the other undertaking and the trade mark proprietor, and in particular that the reseller's business is affiliated to the trade mark proprietor's distribution network or that there is a special relationship between the two undertakings."

In regard to the content of the web page - there was only one on the website - they had first thought of a logo with a BMW M5 but rejected it as not conveying the right marketing message and they looked "to get an alternative logo that looked BMWish but wasn't, in order to avoid, you know, if there was any case that the roundel couldn't be used to have something else." Mr Farrell said

"The whole point of the website was to be able to tell somebody in ten seconds this looks like a BMW website. Thereafter once they see it make it as much a non-site as is absolutely possible. Because what you want to do is stop them as they browse and then get them to read to see what the proposition that he is offering is."

Mr Farrell admired the defendant's ability and ambition. Mr Ronayne had a vision for BMWcare that it would not be just his own but it would become a franchise in due course. He had big plans. He had also registered a domain name for Mercedescare.

"That's why his ideal and why he was going to advertise on the radio. Because the natural thing that follows that is that people that he can't service are going to come to him for business. So he's alive to that opportunity and he already has a network of people who are already independent experts and all they needed was the help in getting the work, because the work was there to be done. So he was going to do it himself. And the same thing with the Mercedes; if it worked with BMW, it might well work for Mercedes. And he wasn't going to stop there. He had big plans."

I do not think that there is much in the suggestion that Mr. Ronayne demonstrated malice aforethought by his response to the BMW originating letter from the solicitors, calling on Mr Farrell and him to cease and desist using the plaintiff's marks. In fact Mr. Farrell advised that Mr. Ronayne should go on the offensive and should now acquire other relevant names to do with BMW CARE – e.g. BMW CARE.eu and others as part of a defence strategy or tactic. In fact, it only inflamed BMW into further indignation and convinced them that this was a malicious use of their brands. Having heard the evidence I do not believe that their intentions were deliberately provocative. They were however somewhat naïve to say the least.

#### **(d) The Cases & Analysis & Conclusions**

(d) The defendant argues that use of the BMW mark amounts to non-infringement under s. 15(2) of the Trade Marks Act, 1996 (as amended) because

1. it is necessary in order to effectively and comprehensively communicate to the public the nature of the services offered by him;
2. it is necessary to enable the defendant to fairly compete with mechanics authorised by the plaintiff to repair and maintain BMW vehicles;
3. the plaintiff has expressly denied affiliation to the defendant's business so therefore public not being misled into believing a connection exists.
4. there is no or no sufficient similarity between his domain names, websites, stationery, invoices and the plaintiff's device and word marks;
5. his use does not damage the reputation attaching to the plaintiff's marks;
6. his use does not take unfair advantage of the plaintiff's reputation or goodwill.
7. his use in full compliance with honest commercial practices

Is the defendant infringing the plaintiff's trade mark rights and has he done so in the past? To summarise at this point, we have three marks: the BMW roundel device, the name BMW and Original BMW Care Products Natural Care. The roundel is not in issue – it is conceded and the defendant has removed it from the website, although there is some disagreement as to the date when that happened, and he has handed over his stationary and business cards etc. that have the roundel. There are two word marks and the roundel device which the plaintiff argues is also a word mark because it has BMW on it.

BMWcare includes the well-known BMW word mark which is the distinctive and dominant part of the domain name. "Care" is descriptive and subordinate; the focus is on the BMW word mark. BMW has a family of trade marks which are characterised by the 'BMW' word mark as the identifying and dominant element. The concept of such a family of marks was recognised in the case of the CITI prefix: See *IG Communications Ltd v OHIM*: T-301/09-26th September 2012. The court in its judgment refusing registration said that the signs of the applicant and in the family of marks of the objector "are visually and aurally similar to at least an average degree and conceptually highly similar. In the circumstances, it is the fact that the marks at issue are conceptually highly similar that is decisive for the purpose of determining whether there is a likelihood of confusion."

The important identifying element obviously is BMW. Original BMW Care Products Natural Care is a family member. The defendant counterclaims for a declaration that Original BMW Care Products Natural Care is invalid pursuant to Art. 7(1) of the Community Trade Mark Regulation as being exclusively descriptive and/or devoid of distinctive character. The basis put forward by Ms. Sheehy Skeffington is that the mark is not entitled to registration because it consists of exclusively descriptive words. That might be the case for all the other words but it does not explain BMW. The point that Mr. Howard makes is that the name BMW in the string takes it out of the descriptive category and makes it capable of distinguishing the goods and that it fulfils the criteria for registration. I agree. It is completely unreal to pretend that BMW is not in the name and does not by itself without more transform this use of particular and relatively ordinary words. The fact is that once BMW is introduced into the string of words it transforms it into a registrable brand. That appears to have commended itself to the European registration authority. In my view, the defendant's objection cannot succeed because the use of the name and trade mark BMW makes it distinctive and not exclusively descriptive and indeed not only distinguishes the goods but actually identifies them.

The defendant is thus using the plaintiff's mark together with a subordinate word of general meaning. He is also using the dominant, distinguishing element of the "Original" CTM and the next word in the string but joined up to form one word name. Apart from joining up two neighbouring words in the trademark string, Mr Ronayne's name does nothing more. This is employment of part of the mark but it is of course for a service and not for goods so section 14(1) and (2) do not apply to this mark.

It does not matter that Mr Ronayne was using BMW CARE before "Original" was registered as a CTM or that he was unaware of the products marketed under that brand. The evidence of Mr Murray which I accept is that there was use of the brand for some years prior to the defendant's first use of his name.

It follows that BMW CARE is a use of the plaintiff's trade marks. This point may seem too obvious to need to be said but the defendant denies in submissions that his name is identical or even similar or likely to cause confusion.

In *Celine C-17/06*, the European Court of Justice held, citing *Deenik*, that there is use 'in relation to goods' within the meaning of

Article 5(1) of the directive where a third party affixes the sign constituting his trade name to the goods which he markets –para 21. And at 23:

“In addition, even where the sign is not affixed, there is use 'in relation to goods or services' within the meaning of that provision where the third party uses that sign in such a way that a link is established between the sign which constitutes the company, trade or shop name of the third party and the goods marketed or the services provided by the third party.”

Section 14(1) applies where a person uses an identical sign in the course of trade for identical goods or services. It is true that the defendant's sign is not identical but it does incorporate the plaintiff's identical “BMW” CTM. Subsection (2) applies where the offending or allegedly offending trader uses an identical sign for similar goods or services or a similar sign for identical goods or services and in either case where there is a likelihood of confusion on the part of the public. This is relevant as to s. 14(2)(b) for a similar sign because BMWcare is a similar sign to that of the plaintiff and the goods or services are identical in that the BMW business is to be considered as the network of dealers provided by BMW throughout Ireland and whose business is servicing vehicles as well as selling them. This is the part of the plaintiff's business with which the defendant wants to compete. If the mark and the defendant's name are not identical, then they are similar and s-s (2) applies.

Subsection (3) arises in regard to “Original” in respect of use in the course of trade of an identical or similar sign where the goods or services are not similar and where the trademark has a reputation in the State and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the reputation of the trademark. It is unlawful to suggest that there is a connection between the business of the user of the mark and that of the proprietor. In this case, the plaintiff is asserting that the use of the mark by the trading defendant is of such a kind and circumstance that it suggests or implies a connection between the business operated by the defendant and the business of the plaintiff. By using the BMW name in his title and on his website, the case is that the defendant is suggesting a connection between him and BMW and that is not authorised. Therefore, it is argued, there is a breach of section 14(3).

In light of the evidence as to the use by Mr Ronayne of “BMW CARE”, which is not in dispute, it follows that it constitutes infringement unless justified or excused. The question then arises whether the defendant's use of the plaintiff's mark is legitimate under S. 15 (2), providing that a registered trade mark shall not be infringed by use “where it is necessary to indicate the intended purpose of a product or service, in particular, as accessories or spare parts”. This is subject to the important rider: “Provided that such use is in accordance with honest practices in industrial and commercial matters.”

The case law on these questions provides a clear answer in my view. This court must follow the jurisprudence of the ECJ. It is also important that there should be a consistent regime of application of the Union trade mark regime so decisions of national courts command high esteem. In this regard, I find myself in agreement with the analysis by The Hague Court in *Porsche v Van den Berg*, which reinforces my conclusions.

Mr Deenik wanted to advertise the information that he was a BMW specialist and the ECJ said he could, despite BMW's objections. It was necessary use of the trade mark for the purpose of telling the public the nature of his business. It was an Article 5(1)(a) use, as the court decided, but the same result would have been reached under (b). It did not defeat the businessman's entitlement under Article 6 that his business would enjoy the benefit of some association with the BMW brand.

Mr Van den Berg went a step further. He incorporated the permitted information into his business name but The Hague Appeal Court held that that was a step too far. It was not necessary information for the business and it was not honest business practice. Using the name implied that there was a connection between Mr Van Den Berg's business and Porsche over and above the fact that he specialised in those cars.

In this case, Mr Ronayne has gone beyond Mr Van den Berg. He is entitled to inform the public that he is a BMW specialist but if The Hague court's decision is followed he cannot incorporate that into his name. But has this defendant dealer merely done the same as his Apeldoorn counterpart? In my judgment, Mr Ronayne has done more. The extra element here is subtle but quite significant. This defendant has adopted a name that attaches to the BMW mark and name a word in common use and of general meaning. His name is not specific to his business but is rather of general application. Whereas the public knew that *porschspecialistvandenber* was Mr Van Den Berg's business, that is not the case with Mr Ronayne's business name.

Article 6 and section 15(2) allow use of a trade mark to describe a person's business if it is in accord with honest practice. But it does not permit somebody to create a business out of another's name and trade mark. BMW CARE does just that. What Mr Ronayne did would be outlawed by The Hague court decision, with which I respectfully agree, but he has done something extra. And the reason is that it was his business plan, as he said in evidence, to establish his business which would operate as a franchise. In addition to BMW CARE he had a plan to do the same with MERCEDESCARE but had not gone beyond acquiring that domain name at dot.com.

This distinction between the businesses of Mr Ronayne and Mr Van Den Berg is also to be noted in the United States case *Toyota v Tabari* decided by the 9th Circuit of the Federal Appeals Court. The defendant relies on this authority which took a different approach to that of The Hague court on the use of a name mark in a domain name. But the name used by the Tabaris in California was specific to their business in describing the service they offered and the court held that it did not imply a commercial connection. In my judgment the inference of such a relationship is highly likely with BMW CARE for many reasons but I think that would be so even on the application of the fair nominative use test applied by the 9th Circuit, because of the generality and vagueness of the subordinate element of the name.

It is unsafe to assume that the sophistication of the consumers will make the distinction that the website and business name of the defendant fail to do. This notion is controversial even in the court that proposed it and there is no authority binding or persuading me that it should be applied in this case. Even if one did make an assumption of that kind, I think that the issue of confusion does not go away.

The most fundamental question is whether the defendant is entitled to use the name BMW CARE. The answer has obvious implications for the website. If the name is prohibited, the website cannot remain. This was recognised in *Van den Berg*. It is pointless to consider the website independent of the name or on the assumption of some other non-infringing name. If it is permissible then use of the name on the website is not an issue in itself but as part of the entire presentation, in which context it would tend to point towards a linkage but legitimately so. But it seems to me that that would require a very clear expression of non-association.

What of the disclaimers on Mr Ronayne's website? The defendant submits that he has denied any connection with the plaintiff's business and that there is no likelihood of confusion or of anybody being misled. Applying the criteria enumerated by Arnold J. in *Och-Ziff Management Europe Ltd. v. Och Capital LLP* [2010] E.W.H.C. 2599 (Ch), it seems to me when one looks at the page generally and

specifically in its separate parts, it is indicative of an association with BMW and is indeed suggestive of a commercial connection. It is to be remembered that Mr. Farrell set out to do something of that kind, as he acknowledged in wry, candid terms. He had been reassured that what he was doing was legitimate and authorised by the highest court in the European Union. He was trying to make the site as close to BMW as possible and then as far away from BMW as possible. My view is that he succeeded too well in the first task and not well enough in the second, but of course they are impossible horses to ride at the same time.

The colours used on the website, the font, the layout and the style of writing are a tribute to Mr. Farrell's skills and his appreciation of the image of BMW that he was seeking to capture. As against that, I think that the disclaimers are hopelessly inadequate, first, because they do not actually disclaim a connection; secondly, because they are complicated and obscure; thirdly, they are not prominent; and, lastly, they are swimming against a tide of stylistic presentation indicating the very opposite. The declaration of independence is quite insufficient to disturb the impression of commercial connection.

The defendant's name BMW CARE asserts a commercial connection with BMW. That is misleading to consumers and damaging to BMW. It undermines the company's presentation and marketing through its authorised network. It constitutes infringement of trade marks and the tort of passing off. Even if the statement on the website that the defendant is independent is considered a disclaimer, which it is not, the damage has been done at that stage. The point about the meta tags on the site seems to me that they do nothing to dispel the strong indications of connection and may actually tend to reinforce the impression.

A further consideration arises in respect of the "Original" CTM under s. 14(3), which enacts that a person infringes a trademark if the person uses in the course of trade a sign which is identical with or similar to the trademark in relation to goods or services that are not similar to those for which the mark is registered, but where (a) the trademark has a reputation in the State (b) the use of the sign is without due cause (c) the use takes unfair advantage of or is detrimental to (i) the distinctive character or (ii) the reputation of the trademark.

The argument on this trade mark requires the application of the principle of a BMW family of marks. This mark is protected for cleaning products, which is not similar to any service offered by the defendant. It is not suggested that he has deliberately adopted parts of the mark for use in his business name but intention is not the test. The defendant's sign is the identifying, dominant element of the trade-marked string, run together with the adjacent descriptive word. Does that mean he is using the "Original" sign? While it is beyond argument that Mr Ronayne is using "BMW" in a manner that would be in breach of s-s (3) if it were not captured by the other parts of section 14, I find it difficult to conclude that he is misusing the "Original" trade mark if it is considered as a discrete, protected mark. However, in the context of a family of marks of which "Original" is one member, I think that the defendant's use can properly be characterised as offending the BMW family of marks under s-s (3).

There is no doubt that the BMW family of marks has a reputation in the State; its use by the defendant is without due cause; it takes unfair advantage of the distinctive character of the trade marks and of their reputation and it is also detrimental to their distinctive character and/or reputation of the mark. *L'Oréal V Bellure* [2009] EU ECJ C – 487/07 is authority that any one of three kinds of injury that a trade mark may suffer is sufficient for the proprietor's claim to succeed:

(a) detriment to the distinctive character of the mark when its ability to identify the goods or services for which it is registered is weakened;

(b) detriment to the repute of the mark which can happen if the offending sign is liable to have a negative impact on the trademark;

(c) unfair advantage taken of the distinctive character or the repute of the mark which happens when there is exploitation on the coat tails of the reputation of the mark

"As regards detriment to the repute of the mark, also referred to as tarnishment or degradation, such detriment is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade marks power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark."

Mr. Ronayne's use is liable to affect the function of guaranteeing to the consumers the origin of the services that BMW provides through its network of dealers and authorised repair agents. This is covered by Section 14(3) and is what Mr. Howard SC calls piggy-backing on the reputation of the plaintiff.

It is unnecessary for the plaintiff to prove that there was actual confusion. Likely confusion is sufficient. And this is not a case where there has been long use without any confusion.

There remains the plaintiff's claim for passing off at common law. Lord Oliver of Aylemerton set out the essence of this tort in his speech in *Reckitt & Colman v Borden Inc* [1990] 1 WLR 491 at 499 as follows:

"The law of passing off can be summarised in one short general proposition - no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying "get-up" (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Thirdly, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."

It is unnecessary to reprise the discussion of evidence and argument under this heading. I think that it is quite clear from the consideration of the issues of trade mark infringement that the plaintiff has demonstrated the three elements to establish that the

defendant has been and is engaged in passing off his services as those of the plaintiff by the use of his website.

The defendant cites *Habib Bank Limited v. Habib Ban AG Zurich* [1981] 1 W.L.R. 1265 but that case is utterly different and miles away from the instant one, concerning as it did the activity of a trading subsidiary of the plaintiff operating with the knowledge and encouragement of the plaintiff in circumstances in which it was held to be unconscionable that the plaintiff should be able to prohibit the use of the name by the defendant. It is as it seems to me a kind of estoppel but however it is described the case has nothing to do with this one.

Mr Ronayne was not a man looking for a name for his business but making a business out of a name. He was not advertising services but creating an identity. He used the plaintiff's name and merely added a common descriptive word, which amounted to taking on the plaintiff's identity. The distinguishing feature of Mr Ronayne's brand is the plaintiff's trademarked name. His activities are not authorised by any judgments of the European Court of Justice.

In light of my findings, the plaintiff is entitled to injunctions restraining the defendant from using the name "BMW CARE" in that or other typographical variants in his business or on his website, restraining the use generally of that website in its present form, restraining the use of the various domain names used or acquired by the defendant that include BMW in them. As to such other reliefs or orders as may be appropriate I will give the parties leave to address the court on those questions and any others arising from this judgment.