

# Uneasy ruling

## THE CASE:

*W3 Ltd v EasyGroup Ltd & Anor*  
England and Wales High Court  
12 January 2018

The court's recent 120-page verdict reiterates the high bar that brand owners must reach when claiming a mark has acquired distinctiveness. **Alice Anderson** and **Tim Watkins** explore

**"A case of considerable complexity" with 44 issues to consider, over 20 years of correspondence and evidence to wade through, an analysis of numerous trademarks owned by both parties and a judgment spanning 102 pages.** The recent England and Wales High Court judgment handed down by Mr Justice Arnold was always going to be substantial, but does it contain useful analyses of trademark legislation, application and practice, or was it a record of easyGroup's failed attempt to monopolise and exploit the formula, "easy" prefix and 'descriptive word' suffix?

## Background

The easyGroup business stemmed from Sir Stelios Haji-Ioannou, the "serial entrepreneur and philanthropist", and his founding of the first of the 'easy' businesses, budget airline easyJet, in 1995. Since inception, easyJet (and almost all subsequent 'easy' businesses) have used a distinctive get-up:

- White lettering on an orange background (pantone 021C).
- In cooper black font (not bold, italics, outline nor underlined) the word 'easy' in lowercase followed (without space) by another word, the initial letter only being capitalised.

EasyGroup was incorporated in 2000 and in November of that year it entered a brand consolidation exercise. The agreement, signed by 37 'easy' companies, transferred all registered and unregistered intellectual property to easyGroup, who in turn licensed the relevant rights back to each party. The agreement included a brand manual of the "easy brand" and get-up, to be used by all easyGroup businesses and licensees.

EasyGroup first became aware of EasyRoommate in June 2003 and correspondence between the two parties, regarding use of their respective brands, continued sporadically from July of that year

for over 10 years, before these proceedings commenced.

## EasyRoommate

The history of Jean Camille Pons (third party in the case) and W3's 'EasyRoommate' brand began with the founding of the US business 'Easy Rent' in 1995, which put landlords and tenants in direct contact. While the Easy Rent business was sold in 2004, Pons had developed a sister business, 'EasyRoommate', which created a link to Easy Rent via the use of the prefix "Easy". In 1999, it developed into a European online business for room rental under the brand 'EasyRoommate', continuing to trade under the same sign to the present day.

**"EasyGroup was incorporated in 2000 and in November of that year it entered a brand consolidation exercise."**

The two businesses, arguably, overlapped in the field of accommodation services: easyJet sold advertising for hotels in the UK and, from at least 2010, accommodation was available to book via the easyJet website.

During the dispute, two attempts (in 2011 and 2012) by W3 to sell the EasyRoommate business fell through, a key factor for these collapses being the threat posed by the dispute with easyGroup.

Three cease-and-desist letters were sent by easyGroup's lawyers to W3 (12 April 2011, 25 November 2011 and 12 September 2014), and these became the foundation for W3's claim against easyGroup for groundless threats, a tactical move by W3 in forcing the issue by having the court resolve the dispute once and for all.

## Some implications of the case

### Waiting too long to bring a claim

While it was determined that W3 need not rely on its acquiescence defence because the judge found there was no infringement, Justice Arnold considered that W3 would (in the absence of clarification from the Court of Justice of the European Union ("CJEU")) have been unsuccessful in its acquiescence defence.

Statutory acquiescence requires a successive five-year period, during which time the owner of an earlier trademark must acquiesce to the use of a later, identical or similar, trademark. In this instance, the relevant period ran from 30 January 2009, when the EasyRoommate trademark was registered, to 31 January 2014.

In letters to W3, easyGroup objected to its use of the later marks, arguing that it had 'stopped the clock' on the five-year period. These letters included a formal letter before action and a letter enclosing draft particulars. W3 submitted that until the owner of an earlier mark commenced proceedings against the owner of the later mark, the clock would continue to run.

In the absence of a judgment from the CJEU, Justice Arnold concluded that easyGroup's letters in 2011 were sufficient to 'stop the clock', as they had demonstrated a clear objection to the use by W3 of an earlier mark, even though easyGroup did not follow-through by issuing proceedings.

Until clarified, businesses should send cease-and-desist letters out early, even when there is little appetite for going to court, as this will be sufficient to bar owners of a later mark from relying on the acquiescence defence. The caveat being that such letters must object to the use of a mark. Justice Arnold distinguished easyGroup's own letters to W3 in 2009 (which did not stop the clock) from the letters from easyGroup's solicitors in 2011 (which did stop the clock). Therefore, instructing a firm of solicitors to send a letter clearly communicating objections to the

use of a mark is likely to 'stop the clock' for acquiescence purposes.

### Be careful sending threatening letters

EasyGroup's letters to W3 did not contain any actionable threats. Justice Arnold concluded that the letters fell within the exception regarding the threat being in relation to the supply of services under the alleged infringing sign (in this case, EASYROOMMATE).

Senders of cease-and-desist letters need to be clear on the law (as recently modified by the Intellectual Property (Unjustified Threats) Act 2017 relating to unjustified threats.

Here easyGroup were fortunate, in our view, that Justice Arnold dismissed W3's argument that broad undertakings contained in annexures to the threatening correspondence and incidental references to 'goods' by easyGroup resulted in the threats extending beyond the services exception. He stated that a reasonable recipient, with knowledge of all the relevant circumstances, would have understood the letters complained of to be threats of trademark proceedings by the supply of services under the sign 'EasyRoommate'.

Equally, businesses seeking to bring unjustified threats actions should not rely heavily on the small details of a letter as a means of justifying whether they have a claim, but look objectively at the communication as a whole, considering the relevant circumstances.

### Trademarks always at risk of cancellation

Part of the case focused on whether easyGroup's EASY trademark had been validly registered. Justice Arnold declared that the EASY mark was invalid for some of the services for which it was registered, "advertising and temporary accommodation". Advertising its business to easyJet passengers in its inflight magazine, its licensing opportunities on London taxis, and its portal services through the easy.com website, was not deemed evidence of use in relation to these services.

The EASY trademark had been invalidly registered in relation to these services, as easyGroup failed to prove its defence that the mark had acquired distinctive character. Justice Arnold stated that genuine use does not mean token use but commercial exploitation in relation to those goods or services that a trademark is registered for.

However, W3's trademarks did not remain unscathed. It was decided that non-core services of W3's EASYROOMMATE mark should be deleted, which W3 accepted at trial, resulting in the amendment of its specification.

This highlights a key message for businesses; registered trademark

specifications should be for the core services that the mark is to be used for, without broadening specifications too widely and leaving a trademark vulnerable to attack. Businesses considering trademark litigation should be aware that during proceedings, a portfolio of trademarks will be scrutinised for any opportunities of counterattack.

### Trademarks do not grant monopoly rights

Due to the continued evolution of the EasyRoommate business and marks, Justice Arnold considered the relevant date for the assessment of easyGroup's infringement claims. The parties had very different interpretations; W3 argued the relevant date was when the business launched in the UK (August 2000) whereas easyGroup argued the latest possible date (April 2011) to reflect the fact that the EasyRoommate logo changed over time.

**“By issuing proceedings, W3 brought a long and bitter dispute to its final conclusion. The two sides are reported to have each incurred well over a £1m in legal fees.”**

For easyGroup, the later the date the better for strengthening its case, so that its trademarks had acquired a greater degree of reputation and distinctive character. However, Justice Arnold concluded the earlier date was correct (15 August 2000), finding that easyGroup's family of marks had not at that time acquired a distinctive character. Other 'easy' marks were in use at the time, namely easyEverything and easyRentacar, but there had been relatively little use of these.

EasyGroup's family of marks at this date was evaluated by Justice Arnold, in particular, its EASY EU trademark, which was not considered the distinctive or dominant component. It was only in 2009 that easyGroup was considered by the judge to be in a position "at least to some extent" to rely on a family of marks.

### Final thoughts

Despite having its claim for unjustified threats dismissed, we think W3 came out on

top in this case and succeeded on the main points. EasyGroup failed to prove that the EasyRoommate marks infringed their 'family' of trademarks and W3 were successful in proving that, in respect of "advertising" and "temporary accommodation", easyGroup's EASY mark was invalid.

By issuing proceedings, W3 brought a long and bitter dispute to its final conclusion. The two sides are reported to have each incurred well over a £1m in legal fees. It is impossible to gauge the cost to both businesses in terms of the distraction the litigation created, not least in wasted management time, nor in financial terms.

The key point for any business which owns registered trademark rights, is 'use it or lose it'. EasyGroup lost on this point as they were unable to prove that the EASY mark had acquired distinctiveness in the relevant market. Indeed, easyGroup owns a vast number of registered trademarks, a great number of which do not appear to be in use, whether for the whole ranges of goods and services included in the specification, or at all.

This case should also serve as a warning for other businesses dealing with troublesome IP disputes. In this case, despite easyGroup never actually issuing proceedings, the litigation risk for the potential buyers of the EasyRoommate business in 2011 and 2012 precluded any effective deal. Businesses in this scenario should be minded that leaving these disputes unresolved could have costly repercussions.

### Authors



Alice Anderson specialises in IP and commercial law and works on both contentious and non-contentious matters at Hansel Henson. She provides advice on IP rights, including trademarks, copyright and design rights. Her broad commercial and IP work has involved a range of clients, from couture fashion to gaming companies and financial service providers.

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