



Neutral Citation Number: [2022] EWHC 2371 (Ch)

Case No: IL-2022-000076

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (ChD)**

Rolls Building  
Fetter Lane  
London, EC4A 1NL

Date: 21 September 2022

**Before :**

**THE HON MR JUSTICE MELLOR**

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**Between :**

**AU VODKA LIMITED**  
**- and -**  
**(1) NE10 VODKA LIMITED**  
**(2) LEON HOGAN**

**Claimant**  
**Defendants**

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**Richard Davis** (instructed by **Acuity Law Limited**) for the **Claimant**  
**Andrew Lomas** (instructed by **Locke Lord (UK) LLP**) for the **Defendants**

Hearing date: 16<sup>th</sup> September 2022  
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**APPROVED JUDGMENT**

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

This judgment was handed down remotely by circulation to the parties' representatives by email. It will also be released for publication on the National Archives website. The date and time for hand-down is deemed to be Wednesday 21<sup>st</sup> September 2022 at 2pm.

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**THE HON MR JUSTICE MELLOR**

**Mr Justice Mellor :**

**Introduction**

1. The claimant (Au Vodka) applies for an interim injunction against the defendants to restrain the marketing and sale of their newly launched range of NE10 vodkas. The claim is for passing off, based on the allegedly deceptively similar get-up of the defendants' vodka to the get-up used by the claimant. Subsidiary (and informal) applications from the defendants' side sought a strike out of the allegations against the second defendant and directions for an expedited trial.
2. I was provided with very useful skeleton arguments before the hearing, together with various of the rival bottles, and I am familiar with this area of the law. The hearing commenced at 2pm at the end of a busy week of vacation duty. Argument concluded just before 5pm so there was insufficient time to deliver judgment. Having reached a clear view, I announced that, for reasons to be given later in writing, I refused the claimant's application for interim relief, I refused to strike out the second defendant from the action and that I would direct an expedited trial. This judgment contains my reasons.
3. Although I recognise that the ordinary member of the public may well not have the opportunity to view the rival products side by side, nonetheless the following image of the rival bottles of plain vodka provides a fair indication of the issues:



4. The Au vodka brand was launched in 2015 in Swansea with just the original (unflavoured) vodka as a premium brand – a status largely if not exclusively indicated by its price point. Although sales grew, they remained relatively modest until certain flavoured vodkas were launched in the 2019/2020 financial year. Since then the massive and very impressive growth in sales has been driven by the flavoured vodkas in the Au vodka range, as indicated by these figures for annual revenue and the split between the flavoured and unflavoured 70 cl products. In 2021, the claimant produced over 3.7m 70cl bottles, but the business remains based in Swansea.

Financial Year	Annual Revenue (£)	Annual Revenue (£) from flavoured/unflavoured 70cl bottle range
2017/ 2018	£141,185	£0/£141,185
2018/ 2019	£171,409	£0/£171,409
2019/ 2020	£702,808	£463,847/£57,933
2020/ 2021	£38,390,225	£36,712,359/£1,401,200
2021/ 2022	£43,765,058	£40,159,091/£759,871

5. Where differences exist between the totals in each column, they are accounted for, as I understand it, by other sizes of bottle which include miniatures (5cl) and larger bottles (1.5l and 3l).
6. The main witness statement in support of the application was from Mr Charles Morgan, one of the founders of the claimant along with Mr Jackson Quinn. Mr Morgan said the majority of the revenue is generated from sales within the UK and that the claimant’s annual marketing budget is now £3.6m. Since passing off is concerned with reputation and goodwill generated in the UK, I enquired whether information as to the rough proportions of revenue and marketing in the UK was available. I was told about 95% of sales occur in the UK but no UK-specific marketing figure was available. This does not matter because on any view, the claimant has very significant revenue and engages in very substantial marketing activity, both more than sufficient to sustain a claim to substantial reputation and goodwill in the UK.
7. There are currently some 7 different versions in the Au vodka range, 6 of them flavoured, but their general appearance is indicated in the image below, which shows (from left to right) the green watermelon, fruit punch, plain, blue raspberry and black grape versions. (I leave out of account the double espresso coffee liquor product which is in a differently shaped gold bottle). The common elements are the gold metallised bottle, with the Au <sup>79</sup> VODKA square label and the lower rectangular plate (the wording on which I detail below) which also identifies the flavour. It will be noted that due to the metallised finish, all these photographs feature a reflection of

what is in front of the bottles when photographed. There is no black line running down the centre of any of these bottles.



8. It is undoubtedly the case that the impressive growth in sales is due to the claimant's marketing efforts. Its marketing centres on social media. Its promotional videos posted on its social media channels have hundreds of millions of views by consumers. It has partnered with a number of celebrities who promote Au vodka including Floyd Mayweather the boxer, Ronaldinho (former professional footballer), Paddy Pimblett (a professional MMA fighter), each of whom have large numbers of Instagram followers (in the millions or tens of millions). Also featured in its 'Gold Gang' are various rappers and DJs, including Charlie Sloth, a DJ, producer and TV presenter, who has become a shareholder in the claimant. As Mr Morgan says and is apparent from the examples he exhibited, the Au vodka bottle features very heavily in all of its marketing.

### **The Defendants**

9. The first defendant was incorporated on 3 September 2021. On incorporation, the second defendant, Mr Hogan, was the sole director and remained so until 19 August 2022. He held 74 of the 100 issued shares in the first defendant on incorporation. He is a shareholder in other unrelated companies and the owner of four bars and restaurants in Swansea. He says he has been involved in the retail of alcoholic beverages for around 8 years.

10. Mr Hogan says there is a team of four behind NE10 vodka which has been actively exploring creating its own spirits brand since 2019 based around the concept of an illuminated bottle. Each of the team is now employed by and a shareholder in the first defendant and Mr Hogan says they have several investors behind them as well, although he says he took most of the initial financial risk in setting up the business.
11. Prior to the incorporation of the first defendant, a meeting took place between Mr Hogan and Messrs Morgan and Quinn of the claimant. Many aspects of that meeting are in dispute. Mr Morgan says they were approached by a senior employee of the claimant and asked to attend a meeting with Mr Hogan. He says Mr Hogan wished to work with Au Vodka in some capacity and Mr Morgan says the purpose of the meeting was to discuss potential opportunities with Mr Hogan. He says the meeting was on 10 February 2021 and lasted for about 2 hours. He says that Mr Hogan wanted to work with Au vodka with a view to taking it to a public listing but that it became clear there was no prospect of them working together. The meeting ended amicably with the two sides going their separate ways.
12. Mr Hogan's recollection is that the meeting took place after one of the claimant's representatives visited one of his establishments in Swansea to discuss stocking the claimant's products. He does not recall discussing becoming involved with the claimant itself or proposing to help with a public listing. He agrees that the meeting ended amicably and he thought no more about it until it was raised in the letter before action dated 23<sup>rd</sup> August 2022.

### **The relevant recent chronology of events**

13. The claimant first learnt of the defendants' product on 13 August 2022 from a single post on Mr Hogan's personal Instagram page which featured a photograph of a hand holding the blue NE10 bottle, i.e. blue raspberry with the text 'Looking forward to trying this tonight'.
14. Notwithstanding the fact that Mr Morgan and Mr Quinn presumably had retained the means to contact him or could have found a way, there was no attempt to complain directly to Mr Hogan at that point.
15. The NE10 website and Instagram page went live on 22<sup>nd</sup> August. On 23<sup>rd</sup> August, a letter before action was sent by Harrison IP to the first defendant. On the same day, the option to purchase NE10 vodka went live on its website. The first NE10 posts on Facebook started on 24<sup>th</sup> August.
16. I should say a little about the Harrison IP letter. Although the claimant relies on this letter as 'a reasoned complaint' (cf *Frank Industries*), the letter started with an allegation of bad faith against Mr Hogan based on the fact that he had met with Messrs Morgan and Quinn in February 2021 and had then gone on to launch a 'knock off' product. The letter went on to assert the following rights: (a) a registered trade mark, which essentially consists of the Au 79 logo (i.e. in a square surround); (b) common law rights (i.e. passing off) in the following elements of the claimant's branding: (i) the logo as registered; (ii) the names Au and Au 79; (iii) the shape of the claimant's bottles and (iv) the 'get-up and composition' of the claimant's bottles, including the two plates. The letter went on to allege (a) infringement of the registered trade mark by the use of NE10; (b) passing off, on the basis of the elements

previously identified as common law rights; (c) unlawfulness of the first defendant's company name; (d) infringement of the Consumer Protection from Unfair Trading Regulations 2008, based on allegedly fake quotes on the first defendant's website, leading to 'criminal sanctions'. The letter demanded immediate suspension of the first defendant's website, full disclosure within 7 days of, essentially, all relevant activities, immediate suspension of any current plan to launch or sell NE10 vodka and cessation within 7 days of any use of the NE10 name or logo, along with various other demands which collectively required a total cessation of business by the first defendant, a change of its name and a promise not to use any element in the periodic table in the name of a vodka or company.

17. Although the claim now brought is discernible in the Harrison IP letter (albeit not very well articulated), it is buried in amongst a series of hopeless allegations which, understandably, have not been pursued.
18. On 25<sup>th</sup> August 2022, a new set of lawyers for the claimant, Acuity Law, sent a further letter before action to the first defendant. In essence this adopted the previous claims made by Harrison IP and warned that, absent agreement to the demands previously made by Harrison IP by 4pm on 30<sup>th</sup> August, proceedings would be issued without further notice. In addition, that letter warned Mr Hogan to take independent advice immediately. Various threats were made against him, including via a statement that the claimant's position on a claim against Mr Hogan for conspiracy to injure by unlawful means was reserved.
19. On 26<sup>th</sup> August WalesOnline featured an NE10 advertorial and 'a winner everyday' bottle giveaway was launched on Instagram.
20. Solicitors for the first defendant sent six and a half pages in response to both letters on 30<sup>th</sup> August, rejecting all claims. That letter included a reasoned response in relation to the allegation of passing off by get-up.
21. The claim form was issued on Friday 2<sup>nd</sup> September together with an application notice returnable on 8<sup>th</sup> September. Mr Morgan's first witness statement was served the following day, Saturday 3<sup>rd</sup> September. Agreed directions were given by Deputy Master Hansen on 6<sup>th</sup> September for the defendants to file their evidence by 4pm on Friday 9<sup>th</sup> September, evidence in reply by 4pm on Tuesday 13<sup>th</sup> September, with the application to be heard as an application by order on Friday 16<sup>th</sup> September with an estimate of ½ day's hearing.

### **Relevant legal principles – interim injunction**

22. Both Counsel referred me to the following summary of the *American Cyanamid* criteria from *Wadlow on the Law of Passing Off* (6<sup>th</sup> Edition, 2021), although I propose to address the questions in the traditional way:

“(1) Applications for interim injunctions should be decided primarily on the balance of convenience, in the wider sense of that phrase, rather than on the relative strength of the parties' substantive cases as they may then appear.

(2) There is no rule of law that the court may consider the balance of convenience only if satisfied that the claimant has made out a prima facie case.

(3) The court must, however, satisfy itself that there is a serious question to be tried.

(4) An interim injunction should be refused if damages awarded at trial would adequately compensate the claimant and the defendant will be able to pay.

(5) An interim injunction should be granted if the claimant's cross-undertaking in damages would adequately compensate the defendant if successful at trial, and the claimant would be able to pay.

(6) If, as will normally be the case, damages would not fully compensate either party, then the issue depends on the balance of convenience.

(7) If other factors are finely balanced, the status quo should be maintained.

(8) If the balance of convenience favours neither party, then the relative strengths of the parties' respective cases on the merits may be taken into account if one case is disproportionately stronger."

23. I remind myself that, of course, the whole point of the *American Cyanamid* approach is to avoid a mini-trial on the merits pending trial. However, it has long been recognised (as *Wadlow* acknowledges) that: '*In assessing the balance of justice in [passing off] cases it is frequently necessary to form a view as to the strength of the claimant's claim in order to understand the scale of any likely damage..*' per Floyd LJ in *Novartis v Hospira* [2013] EWCA Civ 583 at [36], referring to the unreported judgment of Robert Walker LJ (as he then was) at [13]-[14] in *Guardian Group v Associated Newspapers* (CA, 20 January 2000). See also *Financial Times v Evening Standard* [1991] FSR 7 and other cases cited in *Kerly* (16<sup>th</sup> Edition, 2018) at 22-099.
24. Mr Lomas also referred to this point made in *Kerly* at 22-100: where it is clear that the outcome of an application for interim relief will decide the whole action, the court may have to do the best it can to assess the merits and proceed accordingly (see *Kerly* at 22-100 and the cases there cited, all based on *Cayne v Global Natural Resources* [1984] 1 All ER 225).
25. I also bear in mind the advice of Lord Hoffmann in *National Commercial Bank Jamaica Ltd v Olint Corp Ltd (Jamaica)* [2009] UKPC 16 at [16]-[20], that the task of the Court is to adopt whichever course seems likely to cause the least irremediable prejudice to one party or the other.
26. A further issue emerged at the hearing. The claimant cited *Frank Industries v Nike* [2018] EWCA Civ 497, [2018] FSR 24 on the issue of status quo and in particular

[21] in the judgment of Lewison LJ (with whom Kitchin LJ (as he then was) agreed). It is useful to put that paragraph in context. At [18], Lewison LJ cited the well-known passage in the speech of Lord Diplock in *American Cyanamid* itself and continued at [19]-[21] as follows:

“19 The status quo to which Lord Diplock referred is as he clarified in the later case of *Garden Cottage Foods Ltd v Milk Marketing Board* [1984] A.C. 130; [1983] 3 W.L.R. 143; [1984] F.S.R. 23, the status quo immediately before the issue of proceedings, or the application notice if substantially later, rather than the status quo when the conduct complained of began.

20 In this case, the campaign began in January 2018. Pictures of Nike’s global ambassadors with the sign were posted on 11, 13 and 21 January 2018. The cease and desist letter was written on 22 January. The campaign was not promoted on Nike’s Instagram site until 7 February, and the YouTube video was released on 9 February. A number of events also took place during the half term week of 9–18 February 2018. Although Miss Hoy, Nike’s solicitor, complained of undue delay in seeking an injunction, I do not consider that that is a fair criticism. Given that in the first place Nike’s solicitors were slow in responding to the complaints, and specifically asked FI not to take further steps until they had responded, and that, in the second place, for reasons that Ms Turner explained in her evidence, the contest is effectively one between David and Goliath.

21 In my judgment, the interval between the start of the campaign and the cease and desist letter is so short that the relevant status quo is that which pertained before the start of Nike’s campaign. To put the point another way, I do not consider that Nike can improve its position by pushing on in the face of reasoned complaints.”

27. I will address ‘status quo’ below. However, it emerged that the claimant’s submissions as to the adequacy of damages for the defendants assumed that the position should be assessed as at the date relevant for the status quo. This does not accord with my understanding of the *American Cyanamid* test. As I understood the claimant’s submissions, they were that (a) the relevant date for the status quo was 23 August – the date of the letter before action – and before NE10 vodka actually went on sale; and (b) that adequacy of damages for the defendants had to be assessed as if an injunction were granted at that date. However, I consider *American Cyanamid* requires me to consider the position of the defendants at the date when any injunction might actually be granted (in this case, the date of the hearing, Friday 16<sup>th</sup> September). In other words, one cannot ignore what has happened in the intervening period, although if or when it becomes necessary to consider the preservation of the status quo, *Frank Industries* indicates that particular facts may shift the relevant date.



## Relevant legal principles – passing off

28. Naturally, both Counsel referred me to the formulations of the ingredients of the tort in the *Jif Lemon* case, itself a get-up case. I consider it is necessary to cite from the speeches of both Lord Oliver and Lord Jauncey. The relevant parts are conveniently set out in *Kerly*. I quote here from 20-005 and 20-006 (footnotes omitted):

“The “Jif Lemon” case is important in at least two respects. First, the House of Lords confirmed that each passing off case depended on its own facts. Secondly, their Lordships reverted to the “classical trinity” for their definition of the elements of the cause of action. Lord Oliver put the matters a successful claimant must prove as follows:

“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 belief that the goods or services offered by him are the goods or services of the plaintiff.

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.”

Lord Jauncey stated the principles thus:

“[quoting Lord Langdale] ‘a man is not to sell his own goods under the pretence that they are the goods of another man ...’. Accordingly a misrepresentation achieving such a result is actionable because it constitutes an invasion of proprietary rights vested in the plaintiff. However, it is a prerequisite of any successful passing off action that the plaintiff’s goods have acquired a reputation in the market and are known by some distinguishing feature. It is also a prerequisite that the misrepresentation has deceived or is likely to deceive and that the plaintiff is likely to suffer damage by such deception. Mere confusion which does not lead to a sale is not sufficient.”

“It is not essential ... that the defendant should misrepresent his goods as those of the plaintiff. It is sufficient that he misrepresents his goods in such a way that it is a reasonably foreseeable consequence of the misrepresentation that the plaintiff’s business or goodwill will be damaged.”

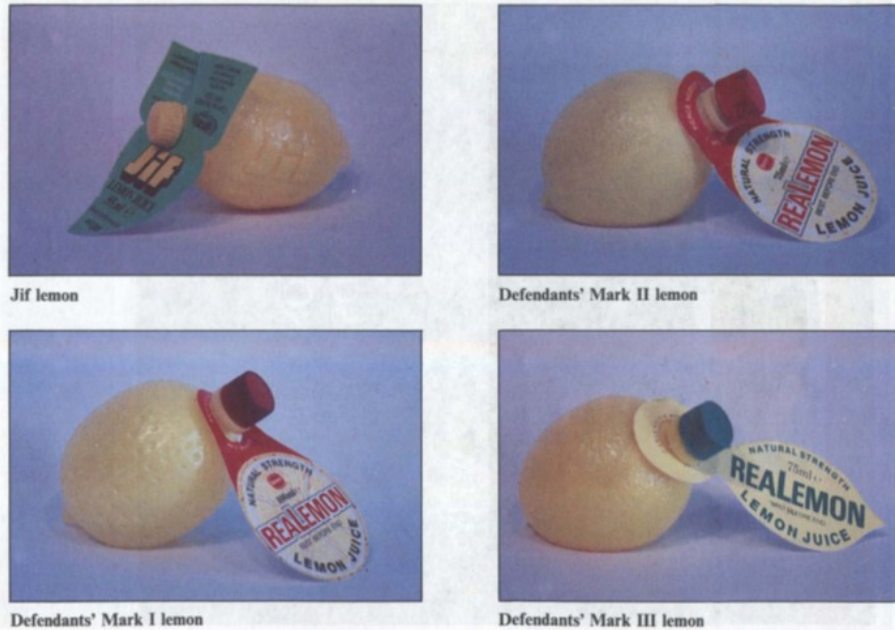
These and other statements cited below reflect the fact that, within the action for passing off, “there are accommodated and adjusted inter se three sets of interests. There is the plaintiff’s interest in protecting his skill, effort and investment, the interest of the defendant in freedom to attract purchasers for his goods and services, and the interest of consumers in having available a range of competitive goods and services for selection by consumers without the practice upon them of misrepresentations.” (per Gummow J. in the Federal Court of Australia in *Hogan v Pacific Dunlop Ltd* (1988) 83 ALR 403).

29. I also quote from *Kerly*, 20-014:

“The advantage of the classical trinity, as restated in *Jif*, is that attention is properly drawn to the essential relationships between the three elements. In a true case of passing off, all three elements are intertwined. It is the existence of a mark or get-up with reputation distinctive specifically of the claimant’s goods or services which provides the necessary foundation for misrepresentation; the misrepresentation must be one which causes or is likely to cause damage to goodwill (in other words, the misrepresentation must be “operative” in the transaction and causative of the damage claimed); and damage to goodwill is at the heart of the cause of action. Goodwill itself is generated by trading activity, which is usually the source of reputation.”

30. As is usual, reference to certain other cases beyond *Jif* is helpful, whilst recognising Lord Oliver’s warning in *Jif*: “...*this is not a branch of the law in which reference to other cases is of any real assistance except analogically.*”

31. As already mentioned, *Jif* was itself a get-up case. The report at [1990] RPC 341 includes this picture of the rival products, showing their labels:



32. The claim succeeded due to the important findings of fact made by the trial judge, Walton J. These were set out by Lord Oliver at p408-9 but for present purposes it is helpful to refer to the following three findings, the first two of which concerned the plaintiff’s product and the third, the defendant’s, in addition to the point that purchases of these products were infrequent:

“The crucial point of reference for a shopper who wishes to purchase a Jif squeezey lemon is the lemon shape itself. Virtually no, if any, attention is paid to the label which that lemon bears. This is easily understood, for the shopper has no need to read the label, or pay any attention to it, in order to obtain the goods that she requires. Moreover, the evidence is that most people, when they get the lemon home, take off the label, which performs no useful function and is easily detachable, so that it is not consciously thereafter any part of the purchased product.”

“the embossing of the word Jif on the true Jif lemons, is far from being easily legible, and certainly would not be seen by a glance at the shelf on which they were displayed, as any true surface graphics can be seen.”

“In other words, to the vast majority of shoppers, ‘ReaLemon’ spelled out in this way means nothing more or less than ‘real lemon’ and is perceived as such and not as a brand.”

33. Due to a combination of undertakings and an interim injunction granted on appeal, none of the three versions of the defendant’s product had been on public sale. However, in a ‘co-operating supermarket’ the plaintiff’s lawyers conducted an experiment in which they put the defendant’s product on display and conducted interviews with those shoppers who selected the defendant’s product. *Viva voce*

evidence from a selection of those interviewed persuaded the trial judge that there was bound to be:

“...confusion in the shopper’s mind in relation to all three marks of the defendant’s lemons. None of them is really sufficiently distinctive nor are the labels such as to impinge sufficiently forcefully on the shopper’s attention, as to call immediately to mind that the item is not a Jif lemon....”

34. So some of the key reasons why *Jif Lemon* is one of those very rare get-up cases which succeeded was because (a) the plaintiff’s labelling was discarded shortly after purchase or, in terms of the embossed word *Jif* on the actual product, not easily seen and (b) the defendant’s labelling featured a largely descriptive word ReaLemon. That left the appearance of the lemon shape itself as the source indicator.
35. Another prominent get-up case is *Hodgkinson & Corby Ltd v Wards Mobility Services Ltd* [1995] FSR 169, decided by Jacob J. (as he then was), who happened to have been the successful leading counsel in *Jif*. The plaintiff’s product was a cushion typically used on wheelchairs by the permanently immobile to prevent the onset of or aid in the cure of pressure sores. The plaintiff’s cushion was known by the trade mark Roho. The appearance of a Roho cushion was accepted by the defendant to be distinctive. The defendant proposed to sell a ‘lookalike’ product, called the Flo’Tair. An interim injunction was granted and the action proceeded to the trial as a *quia timet* action.
36. At trial, Jacob J. found that the defendant’s manufacturer ‘more or less copied the ROHO’. Later he commented:

“Some think that copying is unethical; others do not. Often the copyist of today becomes the innovator of tomorrow. Copying is said by some to be part of the lifeblood of competition, the means of breaking *de facto* market monopolies and keeping down the price of articles not protected by special monopolies such as patents or registered designs. Others say that copyists are parasites on innovators. None of this matters. Certainly it is not the law that copying as such is unlawful: the common law (and I am concerned with the common law) leans against monopolies.”

37. It is worth quoting two passages from his discussion of the law. It starts as follows:

“I turn to consider the law and begin by identifying what is not the law. There is no tort of copying. There is no tort of taking a man’s market or customers. Neither the market nor the customers are the plaintiff’s to own. There is no tort of making use of another’s goodwill as such. There is no tort of competition. I say this because at times the plaintiffs seemed close to relying on such torts. For instance, Mr Morcom reminded me of the old adage “Anything worth copying is worth protecting”.

At the heart of passing off lies deception or its likelihood, deception of the ultimate consumer in particular. Over the years passing off has developed from the classic case of the defendant selling his goods as and for those of the plaintiff to cover other kinds of deception, *e.g.* that the defendant's goods are the same as those of the plaintiff when they are not, *e.g. Combe International Ltd v. Scholl (UK) Ltd [1980] R.P.C. 1*; or that the defendant's goods are the same as goods sold by a class of persons of which the plaintiff is a member when they are not, *e.g. Warnink (Erven) Besloten Vennootschap v. J. Townend Sons Ltd [1980] R.P.C. 29*. Never has the tort shown even a slight tendency to stray beyond cases of deception. Were it to do so it would enter the field of honest competition, declared unlawful for some reason other than deceptiveness. Why there should be any such reason I cannot imagine. It would serve only to stifle competition.

The foundation of the plaintiff's case here must therefore lie in deception.”

38. Having cited from the speeches of Lords Oliver and Jauncey in *Jif* (see above), Jacob J. then considered whether there might be a policy argument which allowed deception in certain circumstances:

“Not only must I apply the views of Lord Jauncey; I think the law would end up in difficulties if it were any other way. The alternative view of the law would allow a defendant, who is in fact deceiving the public, to continue to do so for some policy reason. It would have to be a very good reason indeed to allow the deception. The sort of suggested policy reason is that where there is a no-longer patented functional article, anyone should be free to copy. But so he is. What he may not do is to deceive the public and he must do enough to avoid that.”

39. He considered the old distinction between a ‘capricious addition’ and the ‘article itself’ and concluded (in agreement with the House of Lords in *Jif*) that it was not helpful. On the policy issue he concluded:

“So when the court is concerned with the appearance of the article itself, if the ingredients of passing off are made out, there is no policy exception by way of defence. The defendant must always do enough to avoid deception to escape liability.”

40. One reason for citing that passage from the ROHO case was because Mr Lomas for the defendant submitted that particular care needed to be taken in get-up claims, relying on this passage from *Wadlow* at 8-012:

“Public policy has more influence on the law of passing-off when what is in issue is the right to compete itself. The fact that the law has almost consistently refused to protect get-up alleged to consist of the appearance of the goods themselves (as

opposed to their packaging) has undoubtedly been influenced by reluctance to give functional or aesthetic elements an indefinite protection potentially longer than for patents, registered designs or copyright.”

41. I do not consider that passage to be an accurate statement of the law, at least in get-up cases. Whilst it is clear (see the quote from Gummow J. at the end of paragraph above) that public policy considerations underpin the law of passing off, in agreement with Jacob J., I do not agree that specific considerations of public policy are applicable or should be influential when the Court is applying the law to the specific facts of a get-up case. At that stage, what matters is whether there is a likelihood of deception or not. I acknowledge that in passing off cases involving descriptive names (cf *Office Cleaning*), public policy can and often does play a part in persuading the Court that the claimant must tolerate a degree of confusion, but what the Court is doing in those circumstances is specifying (as best it can) where the dividing line lies between mere confusion (giving rise to no liability) and deception (which does).
42. Finally, Mr Davis cited a recent EU IPO Board of Appeal decision (R 1839/2021-5, 3 June 2022) which concerned an application to register as a 3D mark the following representation for alcoholic beverages:



43. The EU IPO examiner refused the application on the basis that it infringed Art 7(1)(b) of the EUTM Regulation, being devoid of distinctive character. On appeal, the Fifth Board of Appeal annulled that refusal and directed the application should proceed to registration.
44. Mr Davis cited this decision in support of the proposition that the shape of a bottle can be distinctive, or, to be more precise, the shape of a bottle absent labelling can be distinctive. However, care is required with the citation of this type of decision for a number of reasons. The citation of a single Board of Appeal (or even a General Court decision) should be treated with particular caution because the decision may not accurately reflect the law as laid down by the CJEU (see also, *Kerly* at 10-075). This particular decision is a prime example, for reasons I will now explain.
45. Those familiar with this area of the law know that there have been hundreds of attempts at the EU IPO to register marks comprising the shape of goods or their packaging. Almost all of these have been refused (or ought to have been refused) under Art 7(1)(b) on the basis that (to quote from the CJEU decision in *Mag*

*Instrument (Shape of a Torch) C-136/02 at [30]* “Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element...”

46. It is, of course, possible to secure a valid registration of such marks upon proof of distinctiveness acquired through (often) many years of use on the market, but the attempts in question are to obtain a registration of an unused mark.
47. The CJEU also said in *Mag Instrument* and other rulings on Art 7(1)(b) that “*Only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin, is not devoid of distinctive character for the purposes of [Art 7(1)(b)].*” The critical part of that quote is the second phrase “*and **thereby** fulfils its essential function of indicating origin*” (emphasis added). It is unfortunate that there have been a number of Board of Appeal and, indeed, some Court of First Instance/General Court decisions over the years which have proceeded on the basis, in essence, that *if* a mark departs significantly from the norm or customs of the sector *then* it fulfils its essential function of indicating origin.
48. This obvious fallacy is apparent in the cited decision. The Board identified three elements which they held would not go unnoticed by consumers. These were (i) “*the design of the back of the bottle being entirely ‘copper’ colour*”; (ii) the “*front label consists of a prominent frame in the unusual ‘copper’ colour*”; and (iii) “*the copper-colored neck foil (neck wrapper)*”. The Board held that these elements make the sign applied for “*distinguishable*” from the shapes of bottles available on the relevant market and that “*relevant consumers will be able to repeat or avoid the experience of purchasing the goods solely on the basis of the particular combination of the differing elements of which the mark consists, in particular due to [those three elements]*”. It concluded: “*Therefore the Board concludes that the shape of the bottle applied for departs sufficiently from those available on the relevant market with the consequence that the sign applied for does not fall foul of Article 7(1)(b) EUTMR.*”
49. Again, the fallacies in this reasoning ought to be obvious. ‘Distinguishable’ simply means ‘different’. It does not mean the shape is distinctive in the trade mark sense of indicating origin.
50. In the real world, the proprietor does not trust this mark to indicate origin because, as one would expect, it puts distinctive word marks on the label and it is these marks which serve to indicate origin, at least until many years of use have been built up.
51. Turning back to the case in hand, I propose to proceed on the common sense basis that generally, consumers are not in the habit of making assumptions about the origin of products on the basis of the shape of goods in the absence of any graphic or word element. The word ‘generally’ indicates that evidence may be capable of establishing the contrary proposition on particular facts.
52. In this case, the word/graphic elements on the respective bottles are Au<sup>79</sup> and NE10. Unlike in the *Jif Lemon* case, this labelling cannot be discarded. The evidence suggests that the claimant’s labelling is noticed, because consumers refer to it as ‘Au vodka’. This evidence also provides strong support for the proposition that the (larger) NE10 labelling does not go unnoticed by consumers, and indeed that the defendants’ products will be referred to as NE10 vodka.

## Reputation

53. As already indicated, the claimant must establish exclusive reputation as at the date when the activity complained of commences. On the evidence, there is no doubt that the claimant has a reputation in the appearance of its products and, at the very least there is a serious issue to be tried on this element of the tort. The big question is this: in what does that reputation reside? Although this is a matter to be decided at trial, it is nonetheless necessary to form some view for the purposes of assessing whether damages will be an adequate remedy for the claimant if no injunction is granted pending trial, since reputation is the foundation for misrepresentation.
54. The claimant pleads its get-up in the Particulars of Claim in the following terms:
- “(1) an elongate (meaning tall and thin) bottle having a slight arcuate taper from base to top, a prominent shoulder portion, and a neck of extended length;
  - (2) the bottle being metallised, more specifically metallised in the colour gold;
  - (3) the bottle being generally of clean appearance, that is to say without further adornment save the upper and lower ‘plates’ particularised below (noting that whilst not prominent in the case of flavoured versions of the vodka that flavour is printed together with a diagrammatic fruit indication about half-way up the bottle);
  - (4) an upper plate, close to the top of the bottle comprising a plate surround (a square) within which is the name of the product Au79 in large font and below VODKA in capitalised lower case font;
  - (5) a lower plate of secondary prominence, close to the base of the bottle and being of rectangular shape and containing three lines of text all capitalised, “5 TIMES DISTILLED”, “PREMIUM VODKA”, “40% ALC VOL | 70CL e”;
  - (6) the term ‘plates’ herein is adopted to refer to the embossed nature of the labels and the text thereon, akin to a boilerplate; and
  - (7) The substantial majority of the bottles are of 70 cl capacity although the Claimant also sells miniatures (5 cl) and magnums (150 cl) of identical shape but proportionately scaled.”
55. It is, of course, impossible to put into words the mental image of the appearance of the claimant’s bottle which an ordinary consumer carries in their head. I recognise the need for the claimant to state its case in some form and the difficulty in so doing. However, it is clear that this formulation of the claimant’s get-up is influenced by the case they seek to maintain against the defendants. I refer in particular to the generality



with which some of the principal features are characterised, even though they are further qualified. They are expressed at a level of abstraction which is designed to include the relevant feature of the defendants' products but which bear no relation to what a consumer would carry in his or her mind, having seen the claimant's get-up:

- i) 'the bottle being metallised'
- ii) 'an upper plate'
- iii) 'a lower plate of secondary prominence'
- iv) the plates being of 'an embossed nature.. akin to a boilerplate'.

56. Consumers do not focus on the bottle being metallised, but on the general appearance – the claimant's bottles are consistently gold in the particular shape. They do not focus on or identify 'an upper plate', but rather the content of that label – Au <sup>79</sup> and the descriptor, VODKA. They do not focus on a 'secondary plate' but its content – the flavour in particular. They may notice that the two labels are embossed, but very much as a point of detail.
57. In addition, at least one feature of the claimant's get-up which would be important for the consumer is not mentioned: the colour of the capsule (or foil) which secures the stopper at the top of the bottle: this is the most prominent indicator of the flavour, black indicating the plain vodka.
58. Furthermore, it became clear that the pleaded case is further supplemented by certain considerations which are not mentioned. Thus, heavy emphasis was placed in the evidence and argument on the 'conceptual similarity' between the claimant's use of the chemical symbol for gold Au and its atomic number 79 and the defendants' use of the chemical symbol for Neon: Ne and its atomic number 10. Despite having an interest in chemistry since my school days, I confess that when I first saw the defendants' bottle and brand name, my immediate impression was that it was perhaps a postcode reference (that thought perhaps an indication of a London bias) and the notion of Neon and its atomic number did not occur to me. The more important point is that this 'conceptual similarity' argument has, in my view, nothing to do with what the ordinary consumer thinks when they encounter one of the defendants' bottles (see further below).
59. When assessing reputation, it is useful to consider how the claimant's product is or would be referred to when being ordered in a bar or in a shop or when recommended to a friend (recognising that many purchases of the claimant's bottles may either be by self-selection in a physical shop or online on a website), because this tells you perhaps the most important part of the mental image of the product which the consumer carries in their head. For that reason, I pay particular regard to the way in which the claimant's vodka is referred to in the evidence from third parties in newspaper articles and on social media. Notwithstanding the consistent gold appearance of the claimant's bottles and *some* references on the claimant's website to 'gold', it is striking in that evidence that the claimant's vodka was consistently referred to by its name - 'Au vodka' - and not, for example, the gold vodka or the one in the gold bottle.

60. Furthermore, when selecting, it is necessary for the consumer to specify the flavour of the Au vodka they want. This is indicated not only by the text on each bottle (the flavours being printed in the middle of the bottle in colour and on the secondary plate) but also by the colour of the capsule or foil around the top of the bottle.
61. It is not necessary for me to state a conclusion as to precisely in what features the claimant's reputation resides. Certainly, as already stated, there is a serious issue to be tried that the claimant has a reputation in the appearance of its product(s). However, the weight which appears to be given to the various elements in the claimant's identification of its get-up differs from my view of the significance of each element in the minds of ordinary consumers who have encountered the claimant's bottle(s). In my view, the most significant feature is the name Au, followed by the metallised gold bottle, such that the claimant's vodka is known as and called for as 'Au vodka', with the consumer having in mind the gold bottle, plus an indication of the flavour.

### **Misrepresentation**

62. I remind myself that any misrepresentation must be 'operative' i.e. a causative factor in the decision to purchase NE10 vodka, and that there is an important distinction between deception which is a causative factor in the decision to purchase and mere confusion which does not lead to a sale. Evidence that consumers 'wonder whether there is a connection' is not deception but, in conjunction with other factors, *may* contribute towards a finding of a likelihood of deception, but may not.
63. On misrepresentation, the claimant submits that it can rely upon the following as establishing a powerful case that the defendants' get-up makes a misrepresentation as to origin:
- i) 'The extraordinary similarity between the two getups, meaning that the court is entitled to (and should) conclude that confusion as to origin is a very real possibility.
  - ii) Instances of actual confusion.
  - iii) The Defendants' conduct, in particular copying and the prior contact between Mr Hogan and the claimant.'
64. The claimant presented its case on similarity by reference to the first photograph reproduced above which shows the rival plain vodkas. This, however, is not the whole story, or even the main story. It would appear that the flavoured vodkas are far more popular, so it is necessary to take those into account. The rival 'blue raspberry' flavours are shown in the image on the left. The third flavour in the defendants' range 'Pink Apple', shown in the image on the right, has no direct equivalent in the claimant's range of flavours:



65. There is another feature of the defendants' bottles which they specifically rely upon as a distinct difference. In the punt of each bottle is a small push-button switch which allows a light in the base of the bottle to illuminate the interior. The effect is shown in this image which shows a cropped picture of the shelf above and behind the cash till in a shop which sells the defendants' range, where the plain vodka bottle on the right has its light switched on. This is supposed to be the neon light:



66. Whilst some shops may have the light switched on in a bottle and the light may be demonstrated to others, I have my doubts as to whether most consumers will become aware of the light before purchase, at least until the defendants' range has achieved significantly more traction in the market. This will depend on how the defendants' products are marketed. When the light is switched on, it happens to show that the metallisation on the defendants' bottles is thinner than that on the claimant's, so that

the light can be seen in the fluid, but, once again, this is a point of detail which is likely only to occur to a consumer who is not deceived.

67. As I have already indicated and illustrated, the shape and dimensions of the rival bottles are extremely close. Other similarities are detailed by the claimant by reference to the particulars of its get-up, a number of which are, as I have indicated, expressed at a level of abstraction which is divorced from what ordinary consumers perceive and carry in their heads. I have kept all the alleged similarities firmly in mind, along with the notion that it is unusual for consumers to rely upon the appearance of a product alone (as opposed to its name) as indicating trade origin.
68. As for the ‘instances of actual confusion’, the claimant was right to emphasise that the incidents have been located notwithstanding the limited timeframe and the low level of trading by the defendant. The claimant relies on six such instances which had come to light by 3<sup>rd</sup> September, which were identified and commented upon in the claimant’s skeleton as follows:

No	CM1	Description	Comment
1	114 [164]	<b>Jessjetta169</b> “@auvodka are these anything to do with you? Or a coincidence that everything is identical other an gold?”	This comment was published on the Instagram account of Damion Bartlett who appears and claims to be NE10’s Head of Sales. The comment was made by Jess Edwards. Her account is private. The account page includes a photograph and details 571 posts, 896 followers, 1472 following and a South Wales location.
2	117-19 [167-169]	<b>Michelle Guest</b> “that’s the AU Vodka ain’t it” “I’m no good with names haha I only notice the fancy bottles”	These comments were made on a FaceBook page named ‘Makeup and chit chat with Kirsty’. Kirsty’s account is well established with 8.8k followers. Michelle Guest’s FaceBook account dates from 14 July 2021 at least
3	117-19 [167-169]	<b>Laura Sayce Ward</b> “Is that like av vodka”	These comments were made on the same FaceBook as example 2 above. Laura Sayce Ward’s account dates from March 2020 and contains multiple posts since then.
4	129 [179]	<b>Rach Smith.</b> “Thought this was you guys”	This was a message sent via WhatsApp messenger to an Au Vodka employee.
5	130 [180]	<b>Kav1son1</b> “Looks a lot like AU Vodka, is this is same team behind it?”	These are comments on a post made on the ne10vodka Instagram page. The comment was made by Kav1son1. His account page includes a photograph, lists 114 posts, 481 followers and 1272 following. The post has subsequently been deleted (presumably by NE10)
6	131 [181]	<b>Jo11n.ot</b> “giving me AU vibes”	These are comments on a post made on the ne10vodka Instagram page. The comment was made by Jo11n.ot. His account page includes a photograph, lists 117 posts, 372 followers and 494 following.

69. All these comments need to be understood in context. Context is particularly important in relation to the Michelle Guest entry, because otherwise the comment attributed to her might be thought to represent an instance of deception, plus the table is inaccurate. Mr Morgan's exhibit includes four pages of images taken (on a mobile phone) from the relevant social media account. It is not entirely clear in which order the various entries appear. It appears that the string of comments starts with the owner of the account, Kirsty, showing four photographs of the blue and pink versions of the defendants' product, clearly visible, although the lettering NE10 VODKA on the label is reversed in her photographs. She also makes various comments including 'Light up bottle too' but not all her comments appear in the exhibited image.
70. On another page of the exhibit, one of her followers says 'Ooo they look exciting.' Then Michelle Guest says 'Second that its not them I've seen it's the gold bottles'. Kirsty Williams responds with 'that's the Au vodka ain't it xxx' and Michelle Guest comes back with 'I'm no good with names haha I only notice the fancy bottles.' On another page from the same account appears the Laura Sayce Ward comment, followed by further exchanges between Michelle Guest and Kirsty Williams. If, as appears likely, these comments were prompted by the images of the NE10 bottles posted by Kirsty, it is difficult to see how anyone would actually think they were Au vodka because none of the bottles are gold and the NE10 label is clearly visible (albeit reversed). Certainly the comment particularly relied upon 'that's the Au vodka ain't it xxx' from Kirsty Williams can only be a response to the previous reference to 'it's the gold bottles'. At best, therefore, the comments seem to reflect recognition of the similarity in shape of the bottles but are unlikely to be instances of actual deception, but it is impossible to draw any firm conclusions without seeing the whole context and/or evidence from the commentators which may be led at trial.
71. Doing the best I can on the evidence, viewed in context, it seems to me that none of these people were actually deceived into thinking the defendants' vodka was that of the claimant. At most, one might say that these instances support a case that consumers will believe the defendants' vodka comes from the same stable as the claimant (cf indirect confusion in the law of registered trade marks), but, to my mind, what they evidence is consumers wondering whether there is a connection as opposed to actually believing that there is one. So these are not, in my judgment on the current evidence, instances of actual deception.
72. I recognise my analysis of these comments has strayed into mini-trial territory but I consider I have little alternative other than to form a view on them, particularly since the claimant relies on them as instances of actual confusion/deception.
73. These instances also chime with my own view of how consumers will react to the defendants' product(s), knowing of the claimant's: they will notice the distinct similarity in the shape and dimensions of the bottles and perhaps some of the other similarities relied upon by the claimant, but, in my view, those are likely to be outweighed by the different name 'NE10' as opposed to 'Au' and the fact that none of the defendants' bottles are gold. On the basis of the current evidence, the defendants' product(s) will be referred to and called for as NE10 vodka and/or possibly the blue one, the pink one or the silver one.
74. In evidence was a photograph of a bar (apparently in Swansea) which had the range of the claimant's vodkas on the top shelf, with the defendants' range of three underneath.

The claimant's products are not immediately noticeable in the image because the reflections largely obscure the gold colour of the bottles. I suspect the gold colour would be more noticeable in real life as the viewer naturally alters his or her perspective. Despite that, this is an indication that the owner of the bar is content to sell both vodkas and does not perceive any problem in so doing.

75. As for the third element of the claimant's case on misrepresentation, they rely upon the points that (a) the defendant must have copied the claimant's bottle and get-up, (b) the choice of an element with its atomic number cannot be a coincidence and (c) the defendants' conduct evinces an intention to copy and to trade off the claimant's substantial reputation and goodwill.
76. As indicated in the ROHO case, the process by which the defendants arrived at their product matters little, if at all. What matters is the effect the resulting product has on prospective purchasers. For present purposes I can proceed on the assumption that the defendants did copy, but that does not get the claimant home nor does it establish that the defendants intended to trade off the claimant's reputation.
77. In this regard, Mr Lomas reminded me of the passage in *Specsavers v Asda* [2012] EWCA Civ 24 where Kitchin LJ (as he then was) at [115] dealt with the relevance of the argument that the defendant was 'living dangerously':

"[115] ...it is important to distinguish between a defendant who takes a conscious decision to live dangerously and one who intends to cause deception and deliberately seeks to take the benefit of another trader's goodwill. It has long been established that if it is shown that a defendant has deliberately sought to take the benefit of a claimant's goodwill for himself the court will not "*be astute to say that he cannot succeed in doing that which he is straining every nerve to do*": see *Slazenger & Sons v Feltham & Co* (1889) 6 R.P.C. 130 at p.538 per Lindley L.J. A trader who has taken the decision to live dangerously is in a different position, however. He has appreciated the risk of confusion and has endeavoured to adopt a sign which is a safe distance away. All must depend upon the facts of the particular case..."

78. Mr Lomas also drew my attention to the judgment of HHJ Hacon in *Moroccan Oil* [2014] EWHC 1686 (IPEC), where, having cited that passage from *Specsavers*, he noted that:

"[35] ...if the defendant's intent is that the name and/or get-up of its product will bring to mind the claimant's product but not lead to any false assumption on the part of the public as to any sort of trade connection (including common manufacturer or a licence), then at best from the claimant's point of view this is neutral. Arguably, if the defendant is clearly shown to have a highly accurate perception of the target market, it helps the defendant."

79. It is too early to draw any such conclusion in this case, even though it is consistent with the view I have taken on the evidence. At the same time, I decline to take into account the claimant's accusation that the defendants intended to trade off the claimant's reputation and goodwill. Of course, it depends on precisely what is meant by this allegation. If it means that the defendants intended to deceive, the evidence certainly does not support a conclusion that they have succeeded in that intent.

### **American Cyanamid**

80. As I have already indicated, there is plainly a serious issue to be tried on passing off. At the moment, the case is finely balanced. The evidence which will emerge between now and trial could swing the case one way or the other.
81. Before I proceed to consider the adequacy of damages for each side, a prior question is what period of time is under consideration. This type of case cries out for a speedy resolution at trial. The defendant put forward a set of draft directions which took the case to trial in December this year. Since the court diary in December is congested, I indicated to the parties during the hearing that I would direct a trial as early as possible in January 2023. So the period in question is about 4 months.

### **Will damages be an adequate remedy for the claimant if no injunction is granted pending trial?**

82. The claimant spent very little time on this question. Their submission that the answer to this question is 'No' seemed to me to *assume* that the defendants' product would cause widespread deception but the evidence does not support making such an assumption. What the evidence does support is a number of consumers wondering whether there is any connection, but that is not sufficient to establish either passing off or a cause of irreparable damage.
83. My own view is that, on the evidence, I cannot rule out there being a small number of instances of deception over the four months pending trial, but, as indicated, any effect will be small. Accordingly, to a very large degree I consider that the effects of any deception pending trial will be largely remedied by the grant of an injunction at trial which will take the defendants' products, in the guise complained of, off the market and by an award of damages.
84. At one point in his submissions, Mr Davis speculated that the defendants might have a hundred thousand bottles filled and ready to be marketed, in an effort to persuade me that the damage to the claimant would be much more serious pending trial. He cannot have it both ways, having submitted that the launch was 'soft' and only involved small quantities of product. In any event, the speculation was just that. The evidence, such as it was, painted the picture that the defendants were starting small and marketing locally, just as one would expect.
85. The claimant correctly submitted that Mr Hogan in his evidence had given no details of the defendants' ability to pay damages. However, it is apparent that Mr Hogan runs several bars in the Swansea area. Furthermore, in submissions, Mr Davis for the claimant indicated that the claimant was aware that Mr Hogan had some means. On balance I conclude that the defendants will be able to pay any award of damages.

86. Overall, although the claimant may suffer some irreparable damage if instances of deception occur, my conclusion on the evidence is that any such instances will be small in number and likely to be corrected reasonably quickly even if they do occur. My conclusion is that, if the claimant wins at trial, any damage it suffers pending trial will be largely compensated by an injunction at trial and an award of damages.

**Will damages be an adequate remedy for the defendants if an injunction is granted pending trial?**

87. The claimant submitted that the answer to this question is ‘Yes’, Mr Davis submitting that: (a) the defendants would merely have to put their business on hold for four or so months; (b) a shipment of 25,000 bottles could simply be put in storage; (c) distilling slots could simply be postponed; and (d) staff salaries and warehousing costs can be compensated for financially.
88. For their part, the defendants submitted that an injunction would ‘kick the legs out from underneath the defendants *after* a successful launch’. Mr Hogan gave evidence that the first defendant has supplied product to 68 different premises. The defendants also submitted that an injunction would be likely to lead to a range of consequences, including: (i) cancelled supply and warehousing contracts; (ii) cancellation fees; (iii) a loss of orders, and the goodwill built with customers to date; (iv) a loss of customers; (v) possible redundancies; and (vi) a loss in its investment. They also submitted that a redesign would cost further time and money as NE10 does not have its own bottling facilities and would have to wait for new distilling slots to open up.
89. In my view, the claimant’s submissions ignore reality, in several important respects. First, as I indicated above, I consider I have to assess this question as at the date when the mooted injunction would be granted (in this case, 16<sup>th</sup> September). I cannot ignore what happened between 23<sup>rd</sup> August and 16<sup>th</sup> September. Second, the claimant submitted there was no reason why the defendants’ range of products have to be launched now, but the range has already been launched. Third, by 16<sup>th</sup> September, the defendants had undoubtedly continued to build up momentum in the ongoing launch of their vodka products. All this momentum would be lost if I were to grant an injunction. It is unreal to suggest that the defendants would simply have to put their business on hold for 4 months whilst awaiting trial. I agree that distilling slots already booked would have to be postponed, and that might incur financial penalties. I also agree that any additional warehousing costs would be compensatable. However, it is likely, in my view, that the grant of an injunction would result in new employees being laid off.
90. Furthermore, if the defendants were to win at trial, so that an injunction would have been wrongly granted, the defendants would face the further problem that the claimant would know that they were about to (re-)launch and would be likely to address their marketing efforts so as to defeat the launch efforts as much as possible. Whilst in theory such damage could be picked up on any inquiry as to damages under the cross-undertaking, it would be very difficult to quantify, in my view.
91. Overall, I conclude that damages would not be an adequate remedy for the defendants if an injunction were to be granted pending trial.



## The balance of convenience

92. Although this is the traditional term, I prefer to view it as the balance of the risk of injustice. On this aspect of the test, the claimant's submissions appeared to me to be something of a melange of all the relevant factors together with status quo. The claimant emphasised the lack of detail in the defendants' evidence and more specifically the absence of documentary support for many things in Mr Hogan's witness statement. As a result, Mr Davis invited me to draw a series of inferences to the effect that (a) the defendants have made no actual sales or the sales are tiny; (b) the number of outlets where the defendants' products are available is very small; (c) the number of bottles available for sale is very small; (d) that the defendants' marketing push has been very small indeed and (e) I should discount the evidence that the defendants have 25,000 bottles en route to the UK and they have secured distilling slots until the end of the year, because no documentary support was provided.
93. I decline each of these invitations. I am not at all surprised that Mr Hogan decided not to exhibit documents evidencing the shipment of bottles or the booking of distilling slots. The highly aggressive letter before action would suggest to anyone in the position of the defendants that the claimant will do anything they can to interfere with the defendants' nascent business.
94. For their part, the defendants submitted that the grant of injunction would threaten the viability of the NE10 vodka business. As Mr Davis submitted, Mr Hogan did not go this far in his evidence but, if one assumes the business could survive a period in limbo for around 4 months, it supports the view that the defendants will have sufficient funds available to compensate the claimant.
95. More generally the defendants submitted the balance of convenience favoured NE10. They submitted that NE10 is on the market; the claimant had notice of NE10's upcoming launch on 13 August but did nothing to contact Mr Hogan directly to complain (which could easily have been done); and the claimant did not pursue the sending of the letter before action which is reflective of the urgency now claimed.
96. Overall, the recent chronology of events does not favour one side or the other, save in that the defendants' products are on the market. That is the principal reason why I conclude that the balance of convenience favours NE10.
97. I recognise that I have taken a view on the merits when assessing whether damages will be an adequate remedy for the claimant if no injunction is granted. I also recognise that that view will have influenced my other conclusions as well, including on the balance of the risk of injustice. However, I do not find it necessary to mention or specifically to take the merits into account on this balance any further than I have already.
98. A further point also favours no injunction pending trial. As I have indicated, the 'instances of confusion' relied upon by the claimant are, at best, inconclusive. What comes to light in the relatively short period between now and trial ought to assist the Court in reaching a judgment as to whether the defendants' products do result in passing off or not. The mere fact that the defendants have managed to defeat the application for an interim injunction should not give them comfort that they will

necessarily win at trial – much will depend on what happens in the next 4 months or so, and the evidence led at trial.

### Status Quo

99. On my conclusions thus far, this issue does not arise, but I will state my conclusion on the assumption that, contrary to my findings, the balance of convenience is evenly balanced.
100. As I indicated above, the claimant relied particularly on the dictum of Lewison LJ in *Frank Industries v Nike* that a defendant cannot improve its position by pressing on in the face of a reasoned complaint. To my mind, the application of the proposition is highly fact sensitive. Factors which appear to have influenced the Court of Appeal were (a) the size and resource disparity between claimant and defendant; (b) the lack of merit in the defendant's complaint of undue delay; and (c) the slow response from the defendant in conjunction with a request that the claimant not take further steps until they had responded. These factors painted the picture of a big defendant playing for time with a view to improving its position on the balance of convenience.
101. I am unable to draw any such conclusion here. Furthermore, the cause of action now advanced was obscured in the 23<sup>rd</sup> August letter by a number of other hopeless accusations which have not been pursued, plus the accusation of copying which has no relevance.

### Should the allegations against Mr Hogan be struck out?

102. The claimant pleads that Mr Hogan is personally liable on two bases (a) for his own acts and (b) as being jointly and severally liable with the first defendant for its acts. These allegations are set out in paragraphs 13 and 14 of the Particulars of Claim as follows:

“13. In respect of the Second Defendant, he has committed the various acts of which complaint is made personally and is therefore liable for the said acts. In addition, the Claimant relies upon the following:

(1) That the Defendants claim (e.g. in the Wales Online advertorial) that preparatory acts to the NE10 Product launch have been undertaken for the past three years. Yet the First Defendant was only incorporated on 3 September 2021 (less than one year ago) and cannot have performed acts prior to that date. It is a reasonable inference that those acts were performed by the Second Defendant.

(2) The meeting between the Second Defendant Mr Hogan and directors of the Claimant which took place in February 2021, that is to say several months before the First Defendant was incorporated.

(3) From the date of its incorporation, until 19 August 2022, the Second Defendant was the sole director of the First Defendant.

(4) On incorporation, the Second Defendant held 74 of the 100 shares issued in the First Defendant. He was listed as an individual with significant control.

14. Further and in the alternative, the Second Defendant has acted together with the First Defendant in pursuance of a common design and is liable for the acts of the First Defendant as a joint tortfeasor. The particulars set out in the previous paragraph are repeated.”

103. As the defendants submitted, these allegations are somewhat confused. In particular:
- i) As the defendants submitted, even if facts alleged in [13(1)] were proved, they would establish no liability in passing off. There is no liability in passing off for acts which are merely preparatory.
  - ii) Similarly, mere participation at the meeting in February 2021 provides no basis for Mr Hogan being liable for passing off.
  - iii) The allegations in [13(3)&(4)] are not capable of sustaining an allegation that Mr Hogan *personally* engaged in acts of passing off. At best they are particulars (albeit thin, as Mr Lomas submitted) of the allegation of joint and several liability in [14]. Mr Hogan’s evidence was that (a) he does not personally own any of the assets of the NE10 business; (b) there is a team behind NE10 responsible for its various acts and activities; and (c) he cannot sell vodka independently of the first defendant.
  - iv) Mr Lomas also submitted that the claim against Mr Hogan has been added to apply pressure to him personally, is oppressive and should be struck out.
104. My task is not to weigh competing evidence (such as it is) but to assess whether the allegations are sustainable in law. Whilst there is force in the submission just recorded, that is a matter for trial. The upshot is that the allegation that Mr Hogan is jointly and severally liable for the acts of the first defendant survives (just) but is likely to require supplementation by way of further particulars (either now or in due course). The alternative allegation that he is liable *personally* for his own acts is unsustainable. In his personal capacity, Mr Hogan has not done any of the acts which could constitute passing off. Accordingly, Mr Hogan must remain as a defendant to the allegation of joint and several liability, as supported by [13(3)&(4)]. However I will strike out [13(1)], [13(2)] and the allegation that Mr Hogan is personally liable for passing off in [13], since they are not sustainable allegations. This section of the pleading will need to be recast and I will direct that the claimant must do that within 7 days.

## Conclusions

105. For these reasons, I direct a two day trial of this action to be heard on the earliest available date in the term starting in January 2023. On that basis, I decline to grant an interim injunction. Although I have ruled that certain allegations against the second defendant must be struck out, he must remain as a defendant to the allegation that he

is jointly and severally liable with the first defendant. I ask Counsel to agree an Order giving effect to this judgment.