

## Passing off goes adrift

4 January 2017 by Anna Carboni & Joanne Gibbs

*Raft Limited v Freestyle of Newhaven Limited & Others 13 July 2016*

### Introduction

The Intellectual Property Enterprise Court has made a finding of infringement of UK unregistered design right (“UK UDR”) in a loft-style sofa in favour of Raft Limited (“Raft”) against Freestyle of Newhaven Limited (“Freestyle”) and two others, but has rejected a claim for passing off based on a combination of the shape of three sofas, the names of those sofas and the external appearance of a store. The Court also rejected Freestyle’s counterclaim for infringement of UK UDR in one of its sofas.

### Background

Raft is a manufacturer and retailer of furniture which it retails through its own stores, as well as through franchised stores. Freestyle is a manufacturer of sofas and the other defendants were Highly Sprung Limited (“HSL”), a furniture retailer, and Mr. Horsnell, a director of both Freestyle and HSL. Raft brought proceedings for infringement of UK UDR in two versions of the same loft-style sofa against Freestyle and HSL and a claim for joint tortfeasorship against Mr. Horsnell, as well as a claim for passing off. Freestyle counterclaimed for infringement of the UK UDR in one of its own sofas. In the past, a predecessor in title to Freestyle had been a supplier of sofas to Raft.

### Summary of the Decision

#### *UK UDR Infringement by Freestyle*

The two versions of the loft-style sofa which Raft alleged were infringed by Freestyle were the same, except that the arm of the sofa in the later version had been slimmed down from 25mm to 15mm. The Court accepted that, where an existing design is revised at a later date, new UK UDR could arise, but any such right would not subsist in the entire design, it would be limited to those elements which were new, and also that, in the field of sofa design, small differences in dimensions may lead to material differences in appearance. However, Raft had only pleaded infringement of the whole of the later, skinny arm version, rather than just infringement of the revised arms. Accordingly, the Court held that UK UDR subsisted in the first, wide-arm, version of the sofa, but not the later skinny-arm version.

As regards ownership of the UK UDR in the wide-arm sofa, there was conflicting evidence as to whether it was Mr. Quinn, a director of Raft, or Mr. Horsnell who had created the design. Mr. Quinn stated that he created the wide arm sofa in the course of explaining his requirements for a new sofa to Mr. Horsnell (in the past, when Freestyle’s predecessor in title supplied sofas to Raft). Mr. Horsnell’s evidence was that Mr. Quinn had asked him to re-create a sofa that was made by a third party, Ashley Manor. Both sides relied on evidence from Ashley Manor: Raft because Ashley Manor had agreed that there were

some differences between its sofa and the wide arm sofa, and Freestyle because Ashley Manor was alleged to be cross that Raft had copied its sofa. Mr. Quinn denied ever having seen Ashley Manor's sofa. The Court found that Mr. Quinn had sufficiently exercised his skill as a furniture designer to create an original shape and also accepted his evidence that he had never seen Ashley Manor's sofa. Accordingly, the UK UDR which existed in the wide arm sofa was found to belong to Raft.

Freestyle admitted that it made wide arm sofas for supply to HSL and was therefore held to infringe. Similarly, HSL admitted that it sold sofas from its store. However, unlike manufacture of an infringing article, the sale of an infringing article is a secondary infringement and so the test of liability required Raft to demonstrate that HSL had knowledge of, or reason to believe, that the sofas were infringing articles. Mr. Horsnell admitted that he was a 'hands on' director of both Freestyle and HSL and so the knowledge of HSL was found to be the same as that of Mr. Horsnell. As Mr. Horsnell knew that the sofas were copies of the wide arm design, HSL was held liable for secondary infringement. Further, Mr. Horsnell was found liable as a tortfeasor because he actively participated in the infringement and intended it to occur.

### *Passing Off*

In addition to its claims based on UK UDR, Raft also brought a claim for passing off based on a combination of (or, in the alternative, two of) the following: (i) the shape of three sofas manufactured and sold by the defendants which were the same shape as three sofas sold by Raft; (ii) the names used for those three sofas which were the same as the names used by Raft; and/or (iii) the external appearance of the HSL store which was painted in a style which resembled Raft's store which was located next door.

The 'classic' trinity of passing off requires: (i) the claimant to have goodwill in his business which is attached to a badge of origin; (ii) a misrepresentation by the defendant by use of the badge of origin or something similar to it; and (iii) resulting damage to the claimant's goodwill. The Court also considered that case law relating to passing off as it has been applied in 'get up' cases was relevant. In particular, that where goodwill in get-up is claimed, it must be shown that such get-up has come to denote a particular source to the public. The Court found that the question that Raft must satisfy in this case is whether customers relied on the shapes of sofas, the style names of such sofas or the get-up of the store in order to identify the maker of the sofas, or a combination thereof.

Rather than analyse whether any of Raft's goodwill resided in the shape or name of its sofas or the store get-up, the Court focused on the question of misrepresentation. The evidence presented by Raft focused on comments from customers who thought that Raft and HSL were selling the same model of sofa, but that HSL was selling it for a lower price. The Court found that this evidence did not amount to a misrepresentation as to the source of HSL's sofas, or as to an association between Raft and HSL because it did not suggest that customers thought that the sofas sold by HSL were made by Raft. Accordingly, the claim for passing off was rejected.

### *Counterclaim for UK UDR Infringement by Raft*

Freestyle's claim for infringement of UK UDR in one of its own sofas against Raft was disposed of briefly by the Court on the basis that, although UK UDR was found to subsist in Freestyle's sofa, that right was owned by Freestyle's predecessor in title and there was no evidence that the right had ever been transferred to Freestyle. Accordingly, Freestyle did not have a cause of action. For good measure, the Court held that, even if Freestyle did have a cause of action, Raft would not have infringed.

## **Comment**

This case will add grist to the mill of those commentators who consider that the current range of measures which aim to prevent unfair competition in the UK are insufficient and should be replaced by a general law of unfair competition. Of the three sofas which Raft alleged that Freestyle had copied and HSL had sold, UK UDR was of assistance in relation to one, but the only option open to Raft to address the other elements which Raft alleged has been copied was to bring a claim for passing off.

It is unclear from the judgment why the Court focused on the misrepresentation element of passing off, rather than the logically prior question of whether goodwill resided in the shape of Raft's sofas, their names and/or the external appearance of its stores. Indeed, the Court commented that one reason that there was no misrepresentation may have been that Raft's goodwill did not reside in these three elements, but found it unnecessary to decide this point.