

# No let-up for SULETS as ‘use in a locality’ defence fails

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*Student Union Lettings Limited v Essex Student Lets Limited [2018] EWHC 419 (IPEC)*

The UK Intellectual Enterprise Court has ruled that Essex Student Lets Limited, a student accommodation letting company, has fallen foul of trade mark infringement and passing-off, courtesy of their use of the mark “SU LETS”.

## **Background**

The Defendant in this case, Essex Student Lets Limited (ESL), a subsidiary of the University of Essex Students’ Union, operated lets of private residences for students of the University of Essex. The company began operations in 2010 under the name “Essex Student Lets”. In October 2014, the defendant rebranded to “SU LETS”, and adopted the following logo:



After the Complainant became aware of the Defendant, ESL amended their logo to add additional space between the “SU” and “LETS” elements:



The Complainant in this case was Student Union Lettings Limited (SUL), incorporated in 2012. The Complainant is jointly owned by the student unions of the University of Leicester and De Montfort University and provides lets in private halls of residence for students of those universities.

In March 2015, SUL applied for the word mark SULETS for various letting and property related services in Classes 36 and 37, having already used that mark and the following SULETS logo mark:



SUL became aware of ESL at the end of 2015 through internet searches, and by being made aware of cases where members of the public had confused the Complainant and the Defendant. SUL subsequently wrote to ESL, which prompted the above logo amendment. Still not satisfied, SUL commenced proceedings for trade mark infringement under s 10(1) and (2) of the Trade Marks Act 1994 (TMA) and for passing off, in January 2017. ESL sought refuge under section 11(3) of TMA, arguing that they had goodwill in the SU LETS name in the local area in which they were operating at the time SUL's SULETS mark was applied for.

### **Matters considered by IPEC**

The following four matters were sequentially considered by IPEC:

1. Whether ESL had infringed SUL's SULETS mark under section 10(1) of the TMA, i.e., was an identical mark used in relation to identical goods and services.
2. Whether ESL had infringed SUL's SULETS mark under section 10(2) of the TMA, i.e., was the mark used by ESL identical or similar to SUL's SULETS mark and if so, whether ESL's use in the course of trade of their mark in relation to student letting agency services resulted in a likelihood of confusion with SUL's mark.
3. Whether ESL could rely on the aforementioned section 11(3) defence.
4. Whether ESL's use constituted passing-off.

### **Section 10(1) TMA trade mark infringement**

All parties were agreed that the issue in contention was whether ESL's SU LETS mark is identical to SUL's SULETS mark. It was ruled that the space between "SU" and "LETS" would go unnoticed by the average consumer. Therefore, the court found that the two marks were visually and conceptually identical. Similarly, they were also found to be aurally identical.

### **Section 10(2) TMA trade mark infringement**

The first element to be determined, whether ESL's signs were identical or similar to SUL's mark, had already been satisfied, as per the ruling under 10(1), above. The second issue to be determined was whether ESL's use in the course of trade in relation to student letting agency services resulted in a likelihood of confusion with SUL's mark. The court considered both the pre- and post-2016 ESL logos and ruled that there was a likelihood of confusion between them and SUL's mark.

### **Section 11(3) TMA defence to trade mark infringement**

Section 11(3) TMA provides parties accused of trade mark infringement with a defence in situations where the defendant can establish a right which existed as a result of their use in a particular locality before the supposedly infringed trade mark was applied for.

It was held that ESL did own goodwill in SU LETS in relation to student letting agency services in the locality of the University of Essex by the application date of 27 March 2015 of SUL's mark. However, SUL owned goodwill in the mark by that time, and that goodwill was nationwide, despite their operations focusing on students in Leicester. In assessing the nature of the letting business involved, it was noted that there is a tradition in the UK of people studying away from the

areas where they grew up. Students “go home” to other parts of the country at the end of term, and their parents, who are likely to be involved in finding accommodation, also live outside of Leicester. As a result, SUL not only had goodwill in the Leicester area, but this goodwill extended to the rest of the country.

Per *Caspian Pizza v Shah* [2017] EWCA Civ 1874, as the goodwill of the Claimant extended to the same locality as that claimed by the Defendant, the s.11(3) defence was defeated.

## **Passing Off**

As already established when considering the possible section 11(3) defence to trade mark infringement, SUL had established a national goodwill in their mark by the time ESL commenced their use of the SU LETS mark in October 2014. IPEC also held that it was likely that the public would believe that ESL’s goods/services were those of SUL, and therefore ESL’s use of their mark amounted to misrepresentation. This misrepresentation also had the potential to cause damage to SUL through the erosion of the distinctiveness of their SULETS name, potential harm caused by any inadequacies in ESL’s services and in the potential restriction in the intended expansion of SUL’s activities. SUL’s claim for passing off therefore succeeded.

SUL was therefore successful in proving both trade mark infringement and passing-off by ESL.

## **Comment**

A particularly salient point to arise from the judgement was the clarification on the applicability of section 11(3). In order to rely on this defence, a Defendant not only has to show that it had an earlier right by the filing date of the Mark, but also that the right subsisted **only** in a particular locality. In the present case, ESL’s 11(3)

defence not only failed due to SUL's prior rights which extended to the region in which it was operating, but it was also surmised in the judgement that the goodwill on which ESL were relying on was not limited to just the University of Essex. As discussed above, as it is common practice for people to study away from areas they grew up, ESL's goodwill, however limited, would not be solely focused around the University of Essex. ESL's 11(3) case would ultimately have been doomed because of this.