



User principle in assessing damages in trademark cases

THE CASE:

National Guild of Removers & Storers Limited v Christopher Silveria and others
 Patents County Court
 12 November 2010

Mark Lewis reviews a case that raises some interesting points on deciding damages in trademark infringement cases

His Honour Judge Birss QC handed down a judgment on 12 November 2010 in the case of *National Guild of Removers & Storers Limited v Christopher Silveria and others* [2010] EWPC 15, which confirmed that damages are recoverable in trademark and passing off cases for the loss of the royalty that should have been paid for use of a claimant's trademark by a defendant, otherwise known as the user principle.

There had been some uncertainty as to whether damages assessed on the user principle were available in cases of trademark infringement. The uncertainty arose from the case of *Dormueil Freres v Feraglow* [1990] RPC 449 in which Knox J refused to award an interim payment in respect of damages calculated on this basis in a case of trademark infringement.

His Honour Judge Birss QC reviewed the authorities and, having found that damages could be assessed on the user principle in patent cases, copyright cases and, in particular passing off cases, he decided that there was no reason in principle why damages on this basis should not also be available for registered trademark infringement.

The National Guild of Removers & Storers Ltd holds various registered trademarks which members can use, in advertising and other marketing, to show that they belong to the Guild.

In all four cases the defendants, without authorisation, used the claimant's name and/or one or more of the claimant's marks or logos.

Even though the defendants' use did not result in the claimant losing any sales and it could not be proved what profit the defendants had made by using the claimant's trademarks, the claimant was still entitled to

recover the loss of the royalty, which the defendant should have paid it in return for use of its trademarks.

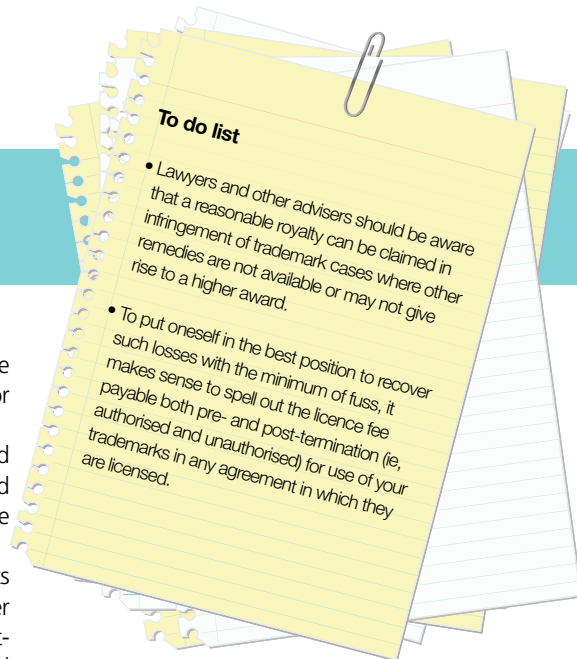
That lost royalty was calculated by reference to the licence fees and liquidated damages payable under the Guild's rules of membership.

Even though none of the defendants was ever a member of the Guild and never a party to the rules, nevertheless the post-termination licence fees provided a useful guide in assessing the loss to the Guild caused by the unauthorised use of its logo. Those fees provided a yardstick by which to judge what the Guild notionally would have charged to license the defendants to use the registered trademark(s). Assessing what a licence fee would be (in order to assess damages) in a case in which the claimant would not, in practice, have granted a licence "is a matter which is to be dealt with in the rough – doing the best one can, not attempting or professing to be minutely accurate – having regard to all the circumstances of the case and saying what upon the whole is the fair thing to be done" [*Meters v Metropolitan* (1911) 28 RPC 157].

Analysis/Implications

In intellectual property (IP) cases, claimants can recover either damages for the loss they have suffered as a result of the defendant's infringement of their IP (often the loss of profits on sales which they would have made but for the defendant's use of their IP) or an account of the profits made by the defendant by their use of the claimant's IP. In some cases, however, it can be difficult to quantify the claimant's loss or the defendant's profit, as difficult questions of causation can arise.

This is the first judgment to confirm that, even if the claimant cannot prove that it has lost any sales or the defendant has made



any profit as a result of infringement of its trademarks, the claimant may recover the fee which the defendant would have had to pay the claimant to use its trademarks ie, a reasonable royalty.

Accordingly, this judgment expands the armoury available to proprietors of trademarks whose rights have been infringed.

Author



Mark Lewis is a partner in the commercial dispute resolution team at IBB Solicitors specialising in intellectual property and IT. He has handled a wide variety of IP and IT matters, both contentious and non-contentious, including franchising and licensing agreements. Mark has acted for clients in all courts from the County Court to the House of Lords. He is an ADR group accredited mediator.