Neutral Citation Number: 2004 EWHC 630 (Ch)

Case No: HC03C03604

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 31st March 2004

Before :

THE HONOURABLE MR JUSTICE MANN

- -

Between :

Sir Robert McAlpine Limited	**Claimant**
- and -	
Alfred McAlpine Plc	**Defendant**

- -

Mr Roger Wyand Q.C. and Charlotte May (instructed by **Bird & Bird**) for the **Claimant**
Mr Simon Thorley Q.C. and Thomas Mitcheson (instructed by **Ashurst**) for the **Defendant**

Hearing dates: 2, 3, 5, 8-10 March 2004

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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.

.....
Mr Justice Mann

Mr Justice Mann :

Introduction

1. This is a passing off action. The Claimant and Defendant are both well-known construction companies and I shall distinguish them and their respective groups by reference to the first names appearing in their respective titles – "Robert" and "Alfred". It arises because Robert maintains that Alfred, after some 70 years of using the word "Alfred" to distinguish it and its activities from those of Robert, "re-branded" itself in a marketing exercise at the beginning of October 2003, without any warning, and now seeks to describe itself as "McAlpine", without any distinguisher for trading purposes, though the corporate name of the Defendant company remains the same. Robert maintains that that amounts to passing off. Alfred denies that.

History

2. The name McAlpine is a well-known one in the construction industry and indeed elsewhere. The business started in 1869, when it was set up by Robert (later Sir Robert) McAlpine. By 1935 the business was being run by three of Sir Robert's sons, namely Alfred, William and Malcolm. In that year it was agreed that the business would be split, with part of it being run by Alfred as a separate entity. The split was essentially geographical. There was an understanding that Alfred's company (which became what I now call "Alfred") would trade in the North West, the West Midlands and North Wales, and Robert would trade elsewhere. In addition, by 1940 Alfred's company had adopted the corporate name of Sir Alfred McAlpine & Son Limited for the trading company. In November 1984 the name of that company was changed to Alfred McAlpine Construction Limited, and it retained that name until the re-branding exercise in October 2003, when that particular company became McAlpine Capital Projects Ltd. As appears from that history, at least from 1940 the trading company has had the word "Alfred" in its title until the events complained of in this action. In 1958 the shareholding in that company became held by a stock exchange listed company known as Marchwiel Holdings Limited; those shares were purchased by a new holding company known more simply as Marchwiel Limited in 1978; that company changed its name to Marchwiel Plc and then on 4th February 1985 it again changed its name to Alfred McAlpine Plc, which is the present Defendant. At all times since 1958 Alfred has been a stock exchange quoted company. The names of the holding company before 1985 do not matter for the purposes of this action. For present purposes what is important is that the trading company has, until October 2003 always had the word "Alfred" in both its title and its trading style. Its logo between 1985 and the re-branding was a stylised "AM" in corporate colours (green and yellow) and in a "building blocks" style.

3. It is not necessary to trace any changes in the name and trading style of Robert for these purposes. It is merely necessary to observe that the word "Robert"

has always appeared in its title and trading style. It also appeared in its corporate logo. Apart from a short period which is immaterial for the purposes of this action, Robert was, and still is, essentially a McAlpine family company. Its logo included and still includes the word "Robert".

4. The geographical split of work was effectively maintained until 1983. There were minor conflicts and issues which needed to be resolved, but resolved they were and in the last 10 years of the split there was a liaison committee which assisted in this respect. On odd occasions each company might carry out work in the other's area, but appropriate arrangements were always made so that, in effect, one way or another that was done by consent. However, in 1983 it was agreed that the geographical split would come to an end. By that time the word McAlpine was very well known in construction circles, and correspondence passing between the two companies at and about that time indicates that each company was sensitive to the need to distinguish between the two companies, and that the appropriate way of doing that was to make sure that each used the appropriate forename in describing it and its activities. Mr Malcolm McAlpine, a director of Robert for many years, told me that in his view there was an informal agreement within the family (members of the family being involved in each company) which was clearly understood, and which was clearly to the effect that it was necessary to distinguish between the two companies by that means. I accept his evidence on that point, although it is right to point out that no part of the cause of action in this case turns on the binding nature of any such agreement. Some examples from the time will suffice to make the point:

i) On 2nd July 1982 (before the end of the geographical split) Mr Robert McAlpine (somewhat confusingly the then Vice-Chairman of Alfred) wrote to Mr Malcolm McAlpine and said :

> "In general we do not under any circumstances use the McAlpine name without the prefix and have recently formed two companies, Alferd McAlpine Homes and Alfred McAlpine Ceilings, with the prefix attached."

Mr Malcolm McAlpine responding on 12th July stating that:

> "I was glad to have confirmation that the general policy remains unchanged…"

ii) On 16th November 1982 Mr Robert McAlpine again wrote and said that:

> "I attach a piece of our letterhead and the 'Alfred' is used in all advertisements. I really do not see what else we can do indeed, if I may say so, the confusion may arise because you just use 'McAlpine' for so much of your site advertising, thus people who see your sites realise less than ever that there are two of us."

iii) On 30th November 1982 Malcolm McAlpine responded:

> "I agree that you do include 'Sir Alfred' in your Leicester housing operation. Maybe confusion is inevitable when either of us uses their proper title in a location where the other is dominant. The fact that this has up to now not been a real problem is that we have not operated in each other's 'exclusive territories'."

iv) On 22nd February 1985 Robert McAlpine wrote to Malcolm McAlpine saying:

> "We would, of course, like to see 'the Sir Robert' in front of 'McAlpine News' instead of 'The Journal of Sir Robert McAlpine and Sons Limited' underneath."

v) On 27th February 1985 Mr Robert McAlpine wrote to Mr Malcolm McAlpine and said:

> "… sadly the bringing to an end the territorial agreement has convinced us that we must be known in our own right and that it is in both firm's interest for us to be recognised as Alfred McAlpine. I have to say that your increased use of signboards with the McAlpine name has also had an influence on my people who feel that your use of the name is not in the spirit of the agreement between us."

vi) On 13th March 1985 Mr Malcolm McAlpine wrote to Mr Robert McAlpine pointing out that the "McAlpine News" would have its "paternity" even more obviously printed by means of the use of the words "Sir Robert". And on 21st March 1985 he confirmed that:

> "We wish both companies to identify their separate names i.e. 'Alfred' on the one hand and 'Robert' on the other, as far as practically possible. We accept that we do have some signs with plain 'McAlpine' though our own basic policy for years has been to identify sites as 'Sir Robert' sites. Some anecdotal evidence was produced that you also have some signs with just 'McAlpine'. We propose and would be glad of your confirmation that each us should eliminate such signs as quickly as is reasonably convenient and make sure that all future contracts are properly identified."

vii) On 25th March 1985 Mr Robert McAlpine responded:

> "I am delighted that the Construction Board has agreed that both companies should identify their separate names as this was the largest single reason which led us to take the steps we have.

I very much welcome this and will ensure that we do the same."

viii) In addition to that, there is evidence at the time that both companies were sensitive to the fact that the press might not distinguish adequately between the companies, and they spoke to representatives of the press to make sure that that did not happen or at least that the occurrences of that were minimised.

5. Thus the two companies (and their respective subsidiaries) continued to co-exist and to operate in parallel. There was a significant overlap in their work in the construction and civil engineering fields, although Robert had a greater emphasis on construction and Alfred had a greater emphasis on civil engineering. I shall have to come in due course to more details of overlap, and lack of it, but for present purposes it is sufficient to point out that Alfred branched out into other activities by means of acquisitions of other companies and extensions of its own work. By 2003 its work comprised what the management identified as three streams – the civil engineering and construction stream, an "infrastructure services" stream and a "business services" stream. The infrastructure services stream effectively involves the replacement of utility and highway assets. The business services stream is involved in what was described as "facilities management", which effectively means such things as building management, IT and business support services, which includes mechanical and electrical maintenance of buildings under long term contracts.

6. The seeds of the ultimate re-branding exercise were sown in 1999 but work did not start in earnest on it until 2001. The motivation was said to be to produce a more modern image, more consonant with the fact that Alfred's business had moved from construction and into more "modern" and perhaps higher-tech areas. They wished to leave behind the "muddy boots" image; it was considered that the word "Alfred" contributed to that image. The idea that evolved was to drop the word "Alfred" from the brand, and that is what happened. In arriving at that conclusion Alfred had the assistance of an external communications agency called Fishburn Hedges ("Fishburn"). I shall have to come back to deal in a little more detail with certain of the facts and ideas that were thrown up in this exercise, but I can move for the present to the end of it. The plan was achieved by dropping the word "Alfred" from the main public faces of the company. A new logo was designed and thereafter appeared on relevant corporate material. Unlike the old logo, which was a rendition of the two initials A and M, this one is a slanted purple lozenge with the word McAlpine in a flowing script written across it. The capital A is given special prominence by being capitalised; the other letters are in lower case. The word "Alfred" does not appear. The three business streams were re-branded McAlpine Business Services, McAlpine Infrastructure Services and McAlpine Capital Projects respectively – as I understand it each of those three became separate limited companies. Consideration had been given to dropping the word "Alfred" from the corporate name and using the name "McAlpine Group Plc" for the holding company, but that idea was abandoned, partly because the name was not liked, partly because of the cost of calling an

EGM and partly because to do so before the launch would have been inconsistent with the secrecy which Alfred had decided was desirable; the re-branding exercise was carried out under a cloak of secrecy, and it was announced in a press release which was issued on 6th October 2003 at 9.00 am. Robert knew nothing about it until that day – on the morning of 6th October Mr Malcolm McAlpine was called by the Chairman of Alfred in a "courtesy call" to inform him of the re-branding. It is clear from the evidence that the decision not to give Robert any prior warning was a deliberate one, born out of a fear that if Robert knew in advance then it might take steps to stop it, which would have delayed the launch.

7. It is common ground in this case that both parties share the goodwill in the name "McAlpine". Alfred considered that, despite that, it was entitled to do what it had done. Robert (as was anticipated by Alfred) took a different view, and took the view that what had happened, and what is now happening, amounts to passing off. It commenced these proceedings on 14th October 2003 and applied for interim relief or a speedy trial. On 18th November 2003 a speedy trial was ordered, and on that footing Robert did not pursue its claim for interim injunctive relief in the meanwhile. The trial was opened before me on 2nd March 2004. The essence of the claim made is that by using the name McAlpine without a distinguishing feature, there is a mis-representation to the effect that the services being provided or offered are those of or associated with Robert, or alternatively it is a mis-representation that there is only one owner of the reputation and goodwill attaching to the McAlpine name.

8. It will be noted that the Defendant to these proceedings is the holding company, which is the one company left in the group which still uses the word "Alfred" in its name. Being the holding company it does not trade. However, Mr Simon Thorley Q.C., who appeared for Alfred, indicated that no point was taken on that. The trial was conducted on the footing that I could assume that the objected-to activities were being conducted by the Defendant. Robert seeks an injunction restraining the Defendant from:

> "(i) Carrying on its business in the provision of construction, civil engineering, Private Finance Initiative, property development and capital projects services and services ancillary and/complimentary thereto under or by reference to the name McAlpine without the addition of the name Alfred in substantially equal prominence or some other adequate distinguishing name; or
>
> (ii) Otherwise passing off construction, civil engineering, Private Finance Initiative, property development and capital projects services and services ancillary and/or complimentary thereto not being the construction, civil engineering, Private Finance Initiative, property development and capital project services ancillary and/or complimentary thereto of the Claimant or associated in the course of trade with the Claimant as and for such services."

The nature of the parties' businesses

9. It is obviously necessary in a passing off case to compare the businesses of the respective groups in order to ascertain the scope for misrepresentation and where damage might arise. In this case, because of the submissions as to relevant audiences and damages, it is also necessary to consider how business is obtained.

10. The business of Robert lies principally in civil engineering and in construction. The civil engineering works have included works such as the construction of part of the M6 in Scotland (as part of a consortium), tunnelling and station construction for part of the Jubilee Line, and (more historically) infrastructure works for the BP refinery at the Isle of Grain. Its construction works are large scale works, such as the New British Library and the Millenium Dome. That gives an idea of the scale of the projects. It is also involved in property development – acquisition, design and building, sometimes with partners. Confidential figures produced during the trial demonstrated that it had a much larger turnover in building works when compared with civil engineering works. Geographically speaking, it is particularly well-known in Scotland, and does a lot of building work there, and also in central London. It acquires work and projects by conventional forms of tendering, and it also participates in Private Finance Initiative projects. I contrast these two methods below.

11. Alfred's business is more broadly based. Its business can be described by reference to its three new streams. Its Capital Projects stream comprises civil engineering (that is to say, major civil engineering works usually not involving buildings, such as infrastructure work), construction work and property development work. Civil engineering is the most significant element, though the others are not insignificant. Its Infrastructure Services business carries out the maintenance and replacement of highway and other utility assets. For example, it contracts with electricity, water and gas companies for the maintenance and in some cases implementation of their facilities, and in terms of highways it maintains roads and street furniture. The revenues from this division in 2003 exceeded £300m, so it is clearly a very significant business. Its Business Services stream provides a wide range of business support functions – mechanical and electrical maintenance on buildings, cleaning, catering, security, providing and maintaining IT networks, building maintenance and procuring and managing such assets as vehicle fleets. The revenues from this stream in 2003 apparently exceeded £200m. Again, therefore, it is a very material part of Alfred's business.

12. The principal areas of overlap between Alfred's and Robert's respective businesses can thus be seen to be in the civil engineering, construction businesses and property development. There might be said to be some overlap in the area of highway maintenance because Robert undertakes some maintenance arising out of its participation in two large road building projects, but it is clear that it does not otherwise have an equivalent of Alfred's Infrastructure Services stream. So far as the areas of overlap are concerned, it

is fair to say that the relative importance of civil engineering and construction are reversed in each case – while both groups do both, Robert is a more significant player in construction (that is to say building construction) and Alfred is a more significant player in civil engineering.

13. It is of some significance in this case to distinguish how traditional tendering (with its variations) works when compared with the PFI process. Where a large job is put out to some form of tendering process, the relevant contractors (concerns such as Robert and Alfred) will be invited to tender. The tender list will be put together by the employer and/or its advisers. The choice of those who will be invited to do that lies with those people, and there is no bidding process by interested potential tenderers to get on to the list. Those who are never invited to tender may never know whether they were never considered at all as potential candidates, or whether they were considered and rejected (and if so, why).

14. PFI projects start differently. They start with an official advertisement which invites interested parties to put themselves forward for a pre-qualification process. The projects are usually very substantial – major road construction, for example, other major transportation systems or major building construction works. Those interested are usually consortia made up of various expertises, and one of those participants in consortia will be likely to be a company of the kind of Alfred and Robert. Each has participated in the past in such consortia. The consortia fill in a pre-qualification questionnaire, which is then evaluated by a project board in order to produce a list of parties who will be invited to submit bids. Those parties prepare bids, which are evaluated over a period of time, and a preferred bidder is chosen. Negotiations take place with that preferred bidder, and if they are successful (and as I understand it they usually are) that preferred bidder gets the contract. The members of the project board may include some individuals who are familiar with the construction industry, but it is likely to comprise others who are not, and Mr Kibblewhite (managing director of McAlpine Project Investments, which holds Alfreds' interests in PFI work) told me that in some cases it may be that no member of the board has any such familiarity, though he would have expected them to have some familiarity with key PFI players. The board is assisted by a project team, which carries out an evaluation and makes presentations. This team will be made up of people with various relevant expertises (technical, financial and legal), and would be likely to have members familiar with the construction industry and its key players, but it only makes recommendations – it does not select. Selection is done by the project board.

15. This difference in the methods of getting contracts is relevant to two areas of dispute in this case. The first relates to overlapping businesses. I have already pointed out the extent of the overlap between the areas of work undertaken by Alfred and Robert. Alfred relies on another distinction between the two groups, even in this area. The evidence was that, in this area, Alfred had abandoned its participation in the open tendering process in the mid-90's. Since 1995 it has sought its construction work through PFI projects or through other forms of negotiation not involving open tendering. Since Robert still participates in open tendering, they are not going to be competing on any

projects where that is the case. That means that the only area where there is the potential for head to head competition is in PFI work. That, says Alfred, means that the real area of overlap is even less than might otherwise appear. I find that that may be true so far as Alfred and Robert continue to seek work in the same ways as their respective current policies (with Alfred steering clear of open tender work), but those methods may change so as to bring them more into competition again in the future, and in any event there are, or are likely to be, a number of cases where Alfred and Robert compete at least for PFI work, in both the civil engineering area and in the area of construction (buildings and facilities). This difference in the manner of getting work does not materially affect the overall reputation of the companies as construction and civil engineering companies. The second area is damage – the different ways of putting together bid lists might be relevant to how loss would potentially be caused if there is the misrepresentation alleged. I deal with this below.

The Law

16. The parties were to a very significant extent in agreement as to the law to be applied. They were certainly in agreement as to the starting point, which is the familiar analysis of goodwill, mis-representation and damage or a real likelihood of it as appears in the speech of Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman –v- Borden*) [1990] RPC 341:

> "First [a Claimant] 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 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 [Claimant'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 believe that goods 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 mis-representation that the source of the Defendant's goods or services is the same as the source of those offered by the Plaintiff."

17. It is clear that what is required is a mis-representation which has deceived or is likely to deceive; mere confusion is not sufficient (per Lord Jauncey at page 417).

18. Next, it was accepted that goodwill could be shared by two or more people. This is apparent from *Dent –v- Turpin* (1861) 2 J&H 139, an action by one of the joint owners against a third party. There is apparently no reported case of a successful action by one joint owner of goodwill against the other, but it was

not suggested that in appropriate circumstances such an action could not succeed. It is, however, necessary to bring such an action within the law of passing off; there is no such thing as an action for the appropriation of goodwill. Mr Thorley sought to make good this position by reference to authority, but in truth Mr Wyand Q.C. for Robert did not seek to put his case on that basis, so I need not deal with it further. Mr Wyand did rely on an element of appropriation when it came to the question of damage, but he put his case firmly in, and only in, passing off.

19. It is not necessary to go so far as to suggest that one business is that of another. It is sufficient, for purposes of passing off, if there is a misrepresentation that one business is associated with another. In *The Clock Ltd –v- The Clockhouse Hotel Limited* (1936) 53 RPC 269 at page 275 Romer L.J. said:

> "The principle is this, that no man is entitled to carry on his business in such a way or by such a name as to lead to the belief that he is carrying on the business of another man or to lead to the belief the business which he is carrying on has any connection with the business carried on by the other man."

20. When it comes to considering damage, the law is not so naïve as to confine the damage to directly provable losses of sales, or "direct sale for sale substitution". The law recognises that damage from wrongful association can be wider than that. Thus in *Ewing –v- Buttercup Margarine Limited* (1917) 34 RPC 232 Warrington L.J. said:

> "To induce the belief that my business is a branch of another man's business may do that other man damage in all kinds of ways. The quality of the goods I sell; the kind of business I do; the credit or otherwise which I might enjoy. All those things may immensely injure the other man, who is assumed wrongly to be associated with me."

In so saying, he was not limiting the kinds of potential damage to those listed by him. Rather, he was indicating that the subtleties of the effect of passing off extend into effects that are more subtle than merely sales lost to a passing off competitor.

In *Associated Newspapers Limited –v- Express Newspapers* [2003] FSR 909 Page 929. Laddie J cited this passage, referred to other cases and went on to say:

> "In all these cases [that is to say, the *Clock Limited* case referred to above and *Harrods –v- Harrodion School* [1996] RPC 679], direct sale for sale substitution is unlikely or impossible. Nevertheless the damage to the Claimant can be substantial and invidious since the Defendant's activities may remove from the Claimant his ability to control and develop as

> he wishes the reputation in his mark. Thus, for a long time, the common law has protected a trader from the risk of false association as it has against the risk of more conventional goods for goods confusion."

The same Judge expressed himself more picturesquely, but equally helpfully, in *Irvine –v- Talksport Limited* [2002] 1 WLR 2355 at page 2366. Having pointed out the more familiar, and easier, case of a Defendant selling inferior goods in substitution for the Claimant's and the consequential damage, he went on to say:

> "But goodwill will be protected even if there is no immediate damage in the above sense. For example, it has long been recognised that a Defendant cannot avoid a finding of passing off by showing that his goods or services are of as good or better quality than the Claimant's. In such a case, although the Defendant may not damage the goodwill as such, what he does is damage the value of the goodwill to the Claimant because, instead of benefiting from exclusive rights to his property, the latter now finds that someone else is squatting on it. It is for the owner of goodwill to maintain, raise or lower the quality of his reputation or decide who, if anyone, can use it alongside him. The ability to do that is compromised if another can use the reputation or goodwill without his permission and as he likes. Thus Fortnum and Mason is no more entitled to use the name FW Woolworth than FW Woolworth is entitled to use the name Fortnum and Mason …
>
> "The law will vindicate the Claimant's exclusive right to the reputation or goodwill. It will not allow others so to use goodwill as to reduce, blur or diminish its exclusivity." (at p 2368)

In *Taittinger SA –v- Allbev Limited* [1994] 4 All ER 75 Page 88, Peter Gibson L.J. acknowledged that:

> "Erosion of the distinctiveness of the name champagne in this country is a form of damage to the goodwill of the business of the champagne houses."

The same view was expressed by Sir Thomas Bingham M.R. at page 93.

21. The damage which results must be as a result of a misrepresentation to a relevant part or section of the public. In the *Jif Lemon* case the relevant people were described as "prospective customers or ultimate consumers of the goods or services in question" by Lord Diplock and as the "purchasing public" by Lord Oliver. Mr Thorley realistically accepted that in this case the relevant public was not confined to people who are at the moment actually customers of Robert and Alfred. In doing so he acknowledged the possibility, which in my view exists in this case, that the misrepresentation, if any, would or might

be received by a wider class than that. However, for Robert to succeed there must be people whose dealings in respect of Robert would somehow be affected by the alleged misrepresentation. Such people must be assumed to be "reasonably well informed and reasonably observant and circumspect". Per Chadwick L.J. in *Bach –v- Bach Flour Remedies Trademarks* [2000] RPC 513 and 534.

22. In this case issues arise in relation to all those heads – Robert avers a misrepresentation, made to a relevant audience, which causes loss or a sufficiently high risk of loss to amount to passing off and to entitle it to the relief sought. Alfred denies all three elements. I shall therefore have to consider them all, in the light of the principles appearing above. In order to do so it will be necessary to consider the evidence in greater detail.

Misrepresentation

23. The misrepresentation pleaded is that which I have set out above. Robert maintains that the use of the word "Alfred" in conjunction with McAlpine distinguishes that company from Robert. That is what has happened historically. By itself the word "McAlpine" or "McAlpines" can mean either, or in some cases both, so it imports an association with Robert and actually refers to it, or is capable of referring to it. Therefore it is a misrepresentation. To this Mr Thorley responded that there has always been a bit of confusion, but no more since re-branding than before. More significantly, there was no evidence of confusion among the relevant consumer group – all relevant people know, or will know at all relevant times, that there are two McAlpine companies so there is no deception. Furthermore, the scope for misrepresentation is less because of the limited area of overlap between the businesses of the two companies (or groups), particularly bearing in mind that Alfred no longer does open tender work.

24. To resolve this requires a full consideration of the oral and written evidence placed before me. In total I heard from, or read the unchallenged witness statements of, an aggregate of 17 witnesses for Robert and 9 for Alfred. It is neither necessary nor appropriate for me to summarise the evidence of each, and I shall not do so. Nor is it necessary for me to identify each of the witnesses; if I do not identify any particular one it does not mean that I have not taken his or her evidence into account. With that in mind, the evidence presents the following picture.

25. Both parties recognise that they share the goodwill in the name McAlpine. While certain aspects of that concept were debated before me, precisely what it means, and how far it goes, was not fully canvassed in argument. However, both parties recognise its value to them respectively, and each recognises that it cannot prevent the other from using it. Until Alfred's re-branding neither adopted a consistent course of using it by itself without using Robert or Alfred as a distinguisher. There were instances of its being done - some of it is referred in the correspondence that I have referred to above, there were other

relatively occasional examples, and Robert itself has or had a handful of companies whose names used the word without "Robert". Examples of the latter are McAlpine Healthcare Ltd, McAlpine Healthcare (Dawlish) Ltd and McAlpine Air Services Limited. Some of them operated, or were intended to operate, in or close to the core construction business of Robert; some (like the last named example) were outside it. So far as they fell within the first category, most never traded, and in at least one case (the second named example) the omission of "Robert" was a mistake which has been rectified. Overall I am satisfied that Robert pursued a policy of including its identifier in its material activities, and such departures as there were from this policy do not detract from that conclusion. By the same token, so did Alfred until the re-branding. Mr Forster, Alfred's group company secretary, referred to a number of companies in the Alfred group which do not use the word "Alfred" in conjunction with McAlpine, but again I do not think that this is very significant.

26. In his witness statement Mr Malcolm McAlpine said that following and consequential upon the termination of the geographical split, it was "formally agreed" between Robert and Alfred that each party would work to ensure that the prefixes were routinely used, but in cross-examination he did not support the assertion that there was a formal agreement. He said it was an informal agreement between members of the family – formality was not required, but it was nonetheless an agreement. This is supported by a statement from Mr Robert McAlpine (referred to above) who agrees that the correspondence, some of which I have set out above, evidences that agreement, and that his board (at Alfred) supported his view that it was important that each company should create its own distinctive reputation. Because of the state of his health, Mr Robert McAlpine was not available for cross-examination on this point. Some of Alfred's witnesses in effect disputed the existence of such an agreement. Mr Grice, Alfred's current Group Chief Executive, had never heard of such an agreement, and Mr Briggs who was a main board director of Alfred from 1989 did not know about any such agreement or indeed any policy to apply "Alfred" as a distinguisher. Having heard and looked at the evidence, I find that the position was that there was no agreement amounting to an enforceable agreement (apart from anything else, I am sure that Robert would have pleaded and relied on such an agreement if it had existed), but there was, for a number of years after the ending of the geographical arrangement, an understanding in each company, and shared by them, that there was a need to distinguish between them by use of their respective prefixes. I have already referred to correspondence about this. In addition, in about 1985 Alfred produced a Corporate Identity Manual dealing with such things as logos, names, letterheads and so on, in which "Alfred McAlpine" is at all stages the relevant identifying factor. Where third parties made mistakes in applying the identifier, or used the name "McAlpines" in a confusing manner, each company would be prepared to take steps to correct it. In February 2000 Mr Forster had cause to write to a service called "Interactive Investor" to point out that there were two McAlpine companies and to make sure that a certain article distinguished between them properly. It is implicit in that that the parties recognised the scope for confusion amounting to mirespresentation if "McAlpine" was used without an identifier.

27. Third parties were not always so careful, with the result that "McAlpines" might be used by them without a prefix. There are large numbers of such instances in the evidence before me of such references in the construction and design press, and the general press. This might or might not be a problem for one or other of the companies, and they did not bother to procure corrections for all of them. In some instances the word "McAlpines" appeared in a headline or a strapline, but the article made it clear which company was referred to. In others there was no identifier. As long as the story was not derogatory, each company might benefit by being associated (rightly or wrongly) with the story in the mind of the reader, and the un-prefixed reference might encourage a vague view in the minds of some readers that there was some overall entity called McAlpines, giving the impression that that entity was bigger than either actual entity was. This "bigger entity" point became a significant factor in the re-branding exercise, as will appear below.

28. I heard a significant amount of evidence from professionals in the area called by Robert as to what the word "McAlpine" would be taken to mean without a prefix which distinguished between the two McAlpine companies or groups.

a) Mr Weekley, Robert's Director of Operations and Chief Engineer since 1999, said that in his experience Robert's name was often abbreviated to "McAlpine" or "Macs", when discussions take place in the construction industry. As far as he was concerned, this was particularly the case in Scotland, where "McAlpine" would be most likely to be taken to refer to Robert, and in London (or at least cental London).

b) Mr David Boyle, Robert's Scottish regional manager, supported that evidence in relation to Scotland. I accept his evidence in that respect even though it transpired his perception of the amount of work carried out (or not carried out) by Alfred in Scotland turned out to be wrong; he was not aware of the level of civil engineering and building work carried out by Alfred in Scotland, but that does not detract from what he said about what "McAlpines" meant in Scotland. I accept that to very many professionals in Scotland it would mean Robert.

c) Mr Saxon, an experienced architect, recognised that "McAlpines" could refer to either company, but would personally have presumed that within his firm it was a reference to Robert, because that was the company with which he was more familiar. Outside his firm any inference as to which McAlpine was being referred to would depend on the context, but that context could be misleading as was demonstrated by a press article about the building of the new Arsenal stadium which referred to the builder as "McAlpines" – he thought that that was a reference to Alfred who had a reputation for building stadia, but on this occasion it was actually Robert which was involved. His immediate reaction to the re-branding exercise was that it would cause difficulty because some people would take the reference to "McAlpines" to be a reference to Robert, though others would get it right.

d) Mr Christopher Strickland, an experienced property developer operating mainly in London, would have taken a reference to "McAlpines", made

in the circles in which he moved, to be a reference to Robert, but those circles tended to be central London construction projects in which Alfred had no presence.

e) Mr Lawson Clark is a director of a firm of consulting engineers who had worked with Robert in Scotland, but never with Alfred. He, too, spoke to the fact that in Scotland, and in his circles, "McAlpine", "McAlpines" or "Macs" meant Robert; though he conceded that he could understand it if it were the case that Alfred's clients or customers used the same expression to refer to Alfred.

f) Mr Brendan Kerr was a demolition and civil engineering contractor who said that in his business Robert would be referred to as "Macs" or "McAlpines", and Alfred would be referred to as "Sir Alfred McAlpine". His immediate reaction to a reference to "McAlpine" would be that it would be referring to Robert. However, I think it is fair to say that his experience is not quite that of the other witnesses, and it is perhaps a little narrower. Thus he thought that Robert was sometimes referred to as "Green Macs", a term which did not otherwise figure in the evidence before me. Nevertheless, his was additional evidence of common usage and understanding.

g) Mr Tom Haughey was a director of a steelwork supplier. Internally his company would refer to Robert as "McAlpines" and to Alfred as "AMCA"; and he took references to "McAlpines" in his supply chain to be a reference to Robert, not Alfred.

h) Mr Roger Fidgen was a partner in Gardiner & Theobald, a very large construction industry services firm. He told me that for himself, and within his firm, a reference to "McAlpine" or "McAlpines" would be taken to be a reference to Robert; Alfred would be referred to as "Alfred McAlpine". It was his view that this would be the common usage among the majority of quantity surveyors in the London market, and that the distinction grew up because of Robert's being a major contractor in the London construction market for decades, whereas Alfred did not have such a presence.

29. There was some hearsay evidence from Victoria Law and Randal ffrench, both employees of Robert, of incidents in which, after the re-branding, individuals in the construction industry confused the new "McAlpine" with Robert. Mr Thorley correctly pointed out that one knew little about the individuals involved, and they were not prepared to give witness statements. As a result they could not be cross-examined and one did not know the knowledge base from which they were working. Nevertheless, this was some further evidence of what the word "McAlpine" is capable of importing in the construction industry.

30. Alfred did not produce a volume of evidence demonstrating that "McAlpine" or "McAlpines" was often taken to be referring to Alfred. Mr William Fishlock is a financial journalist and he provided a witness statement, on

which he was not cross-examined, to the effect that in financial circles the expression "McAlpines" would be taken to refer to Alfred. That was largely because Alfred was publicly quoted company, whereas Robert was not. Apart from his evidence, there was some acceptance by witnesses of an association between the word and Alfred in some circumstances and in relation to some people, but I do not think that Robert disputes that in some circumstances the word would be used to mean Alfred and not Robert. In press stories, the tendency was for the single word "McAlpines" to appear in a headline, with an identifier in the body of the story to indicate which McAlpine company the story was about. However, there was not always such an identifier, and the general evidence was that where that was the case the identity of the company could sometimes be gleaned from the context, and if not then, if it mattered to the reader, the reader could carry out his or her own checks to ascertain which company was referred to.

31. Against this evidential background, and assisted by the material produced during the course of the re-branding exercise, it seems to me to be clear, and I so find, that the use of the word "McAlpines" or "McAlpine", in the construction industry field, is capable of referring to Robert. This is so notwithstanding that it is also capable of referring to Alfred. It seems to me to be of the essence of goodwill that is jointly owned (a fact that is conceded in this case) that that should be the case. Mr Grice conceded in evidence that the name "McAlpine" was valuable to both Robert and Alfred, and it is implicit in that concession, in the circumstances, that it is capable of referring to both if there is no appropriate separate identifier. What the evidence of the witnesses referred to above demonstrates is that in some contexts, and to some people, each of those words will mean Robert; in others, and to other people, it will not. The 1980 correspondence that I have referred to confirms that that was the view of the parties.

32. In fact, there was also evidence that in some more nebulous way it was capable of referring to both as if they were some conglomerate. I have referred above to Fishburn, who were the consultants instructed by Alfred on the re-branding. They interviewed people and prepared notes. Their notes are in evidence. In one set of notes, under the heading "The Customer perspective" and "Positives", there is the point:

> "Sir Robert gives illusion of greater size – punching above weight"

This suggests that the joint goodwill of the name somehow imports a reference to both companies, creating the illusion referred to. The effect is subtle but I find it exists, and Mr Forster in his evidence accepted that it "quite possibly" existed (which in context means that he recognised it, at least in the minds of some people). That means that the expression is capable of referring to, and would sometimes be taken as referring to, Robert. Support for that notion is also gleaned from the further note under "Negatives" that :

> "Risk that work may be lost to Sir Robert through confusion (but works both ways)."

33. It therefore seems to me, on all the evidence, that the use of the word "McAlpine" is capable of being a reference to Robert. If used by Alfred in relation to its business, then that would be capable of being a misrepresentation. However, it does not automatically follow that every use would have that quality. I have to consider what use is made, and its context, in order to see whether something else is added to make it clear that it does not mean Robert in the particular contexts.

34. I have described above how the re-branding exercise was carried out in terms of logos. The logos appeared on letterheads, and the current practice at least is to have the words "An Alfred McAlpine company" at the foot of the page, albeit in rather small print. The logo (as I have described it) and the company or trading name (eg "McAlpine Capital Projects") appear much more prominently at the top. The evidence is that the corporate name did not appear from the outset – some pieces of letter heading were said to have slipped through without the reference to Alfred at the bottom. The website name, which used to be www.alfred-mcalpineplc.com is now www.mcalpineplc.com. Signs on developments, vehicles and elsewhere will have the logo, with no reference to Alfred. In order to implement the re-branding, an Employee Guide was prepared. It explains that it was thought necessary to have a new identity, and it goes on to say (inter alia):

> "Our Name
>
> From now on we will focus on the brand name McAlpine.
>
> For the time being "Alfred McAlpine plc" will continue as our legal name but we will just use "McAlpine" in common usage.
>
> "Alfred McAlpine" will be changed to "McAlpine" where it appears in subsidiary company names.
>
> …
>
> Everyone has a role to play in helping to eliminate the old identity and apply the new one consistently.
>
> …
>
> Our Name
>
> From now on your [sic] should refer to the company as McAlpine.
>
> "Alfred" will only be used for formal plc requirements.
>
> People working in Capital Projects, Infrastructure Services and Buiness Services should adopt the convention illustrated below when describing where they work:
>
> Primary Descriptor

I work for McAlpine

Secondary Descriptor

I work for McAlpine Infrastructure Services

…

Telephone Answering

People taking external calls should answer the phone by saying:

Good morning McAlpine

or

Good afternoon McAlpine

35. It is apparent from all this that the word "Alfred" as a distinguisher is played down so that it is virtually non-existent. No replacement distinguisher is provided. The name is retained in the corporate name but even that distinguisher was under threat for the period when it was contemplated that it would be removed from the corporate name. The reasons that it was preserved did not feature a need to have it is a distinguisher, and the reference to the fact that "For the time being" Alfred would be maintained in the corporate name suggests that it was not thought particularly important. All this ties in with what the evidence showed was the overall thinking behind the re-branding, which was to downplay or even remove the "Alfred" because that gave the impression of the old "muddy boots" image of the group which was no longer appropriate. Accordingly, while "Alfred" plays a small part on stationery and where plc requirements require it, the former distinguisher will play no part in the corporate identity.

36. Accordingly there is, and will be, a situation in which "McAlpine" features almost exclusively in the trading persona of Alfred. Does this amount to a misrepresentation for the purposes of the law of passing off? In relation to relevant activities, it seems to me that it does. I have already found that the word is capable of referring to Robert, so using the word will inevitably amount to a misrepresentation because the business being referred to is not in fact that of Robert. I accept Mr Wyand's submission that the use of the word, in a market which understands the word to refer to Robert even if it is capable of referring to Alfred, is a statement that the user is the entity known as McAlpine, and as such is a misrepresentation. Since the use of that word lies at the heart of the present corporate presentation and image, the misrepresentation is made out. This is supported by the evidence from the witnesses as to what McAlpine would be taken to mean, and the two companies themselves recognised the dangers of this in the correspondence in the mid-1980's that I have referred to above.

37. In the preceding paragraph, I have referred to a misrepresentation in relation to relevant activities. Robert's pleaded case is that goodwill attaches to the McAlpine name "in the commercial area of the provision of construction, civil engineering, Private Finance Initiative, property development and capital projects services and services ancillary and/or complementary thereto". I find that that is an appropriate description of the extent of the goodwill. That also defines the area in respect of which a misrepresentation is capable of arising. However, the description of the scope of Alfred's business, appearing above, indicates that there are some areas of its activities which do not fall within that description, and in respect of which there would be no misrepresentation. While building maintenance would fall within it, providing and maintaining vehicle fleets would not, it seems to me. A similar point can probably be made about installing and maintaining IT networks. There may therefore be limited contexts in which the use of the name by Alfred would not amount to passing off, but bearing in mind the blanket nature of the re-branding exercise it has involved a very large area of misrepresentation.

38. Mr Thorley submitted to me that in fact in the market in question it would not be a misrepresentation because the relevant public, with its relevant qualities of being properly informed and reasonably circumspect (*Bach*) knows there are two McAlpine companies and will not be misled. Mr Thorley's relevant public for these purposes can be defined as professionals in the construction market – advisers, architects, employers, surveyors and so on. The evidence showed, he said, either that they all knew of the existence of two McAlpine companies, and could distinguish between them, or if they did not know then they would not be confused because if it mattered to them they would be properly informed in relation to the transaction or matter to which identity was relevant. Thus a quantity surveyor advising a potential employer would know of both companies and would not be mistaken as to the identity or attributes of either, and if his less experienced employer did not know about the difference then he would soon be informed by his quantity surveyor expert in the course of the latter's retainer. That was true before the re-branding, said Mr Thorley, and it was equally true after it. Before the re-branding the existence of both companies was known, their attributes and trading areas were known, and everyone had learnt to live with such limited confusion as that had occasioned. Nothing has really changed – everyone relevant still knows there are two companies, and although "Alfred" has been dropped as the identifier other words are deployed where appropriate (Capital Projects, and so on) so that there is still no misrepresentation.

39. I accept that most professionals in the market know that there are two McAlpine companies, and that those who are actually dealing with either of them will by and large know with whom they are dealing once they start to deal in earnest. I also accept that in some contexts, and to many people, it will be appreciated that "McAlpine" or "McAlpines" will be correctly understood to mean Alfred. However, none of that detracts from the fact that Alfred is seeking to use a word which is frequently associated with (and taken to denote) Robert and use it to connote itself (Alfred). I accept, as submitted by Mr Thorley (and indeed accepted by Mr Wyand) that mere confusion is not enough, but on the facts of this case there is more than confusion. There is a

misrepresentation. The fact that some are not misled does not prevent there being a misrepresentation and a person who corrects himself or is corrected by others has still been misrepresented to. In argument, Mr Thorley accepted that his client would like to encourage people to think of his client as McAlpine, in a context in which there was no deception. Mr Grice in essence affirmed that when he accepted it was Alfred's intention "to be McAlpine in the marketplace". That is a legitimate aim – if by normal commercial forces that were achieved then that would be quite legitimate. But what they are not entitled to do is to represent themselves in that fashion now, as if they were the only company known by that name when they are not. I find that that is what their new trading style does. The name is universal in Alfred's material; the company has clearly adopted a policy of putting it forward as the means of identifying Alfred; but at the moment it is not true to say that it is the only "McAlpine".

To whom is the misrepresentation made – the relevant public

40. There was a dispute between the parties as to who the relevant public was, and I shall have to come back to it when I consider the question of damage, but it is not necessary for me to deal with it at this stage of the argument. Mr Thorley said that the only relevant public was professionals in the industry, and those who might not be professionals but who had the power of placing business – basically employers. They were the customers for the purposes of the requirements of the law of passing off. Mr Wyand said it was wider; it included the general public who had an indirect power to influence the actual consumer by its prejudices. Whichever is correct, then I consider the misrepresentation is made to each. The representation imported by the new identity is capable of being understood to mean Robert by each section of the relevant public, and it is aimed at each, though probably (if it matters) more at the construction industry. It may well be true that many members of the public do not know there are two McAlpines, but they will doubtless see a lot of the new signage and logos, and will be encouraged to believe (so far as relevant) that there is only one McAlpine, and that would constitute a misrepresentation vis-à-vis them.

Damage

41. This is the most difficult aspect of this case. There has been no attempt to prove that actual quantifiable damage has occurred (though there was some limited evidence that actual confusion had already occurred). That is not surprising. It is only a relatively short time since the re-branding occurred. Robert puts its case on the footing of anticipated damage. Robert seeks to establish that it is "really likely" to suffer damage to its goodwill within the test in *Erven Warnink BV v J Townend & Sons (Hull) Ltd* (the *Advocaat* case, per Lord Fraser).

42. This case does not manifest what might be regarded as the classic passing off damage, namely the diversion of business from one company to the other by

reason of the misrepresentation that A's goods or services are B's. I have set out earlier in this judgment the nature of the business of the two groups, how they overlap and how that business is won. In the light of that evidence it is not possible to hold that there is any present likelihood of Alfred being awarded a contract in the mistaken belief that it is Robert. By the time contracts are signed, a customer (employer) is likely to be well enough informed to know that he is dealing with Alfred and not Robert, if he had ever thought otherwise. Indeed, Mr Wyand did not put his case on the footing that this was the sort of damage that his client was likely to suffer. He said that his client was likely to suffer damage in one or more of the following ways:

(a) Robert might lose business because of an erroneous association with Alfred in the mind of a customer who has views about "McAlpine" but at that stage is not sufficiently well informed to know that there are two and that his views in fact relate to Alfred and not Robert. Alfred might sustain some adverse publicity which is in fact attributed to "McAlpine". Because the name imports an association with Robert in the minds of some people, there is a risk that Robert will not get on to a tender list which it would otherwise have got on, because the people with the power of selection (who may well be non-professionals in the industry) will make a false association.

(b) Allied to this is what is said to be a general risk to its reputation and goodwill arising where Alfred does something attracting bad publicity which rubs off in a general way on Robert because of a false association between "McAlpine" (who on this hypothesis have sustained bad publicity) and Robert. An example was given involving railway maintenance – if there were a railway accident involving McAlpine maintenance items then there might be general damage to goodwill and to the McAlpine name. Since Robert shares that name, and the attendant publicity is more likely to arise without the identifying "Alfred", then Robert's goodwill would suffer, as (potentially) would its business.

(c) Alfred may get work it would not otherwise get (though not necessarily at Robert's expense) because of the exploitation of the joint reputation built into the name – "punching above its weight".

43. I shall take heads (a) and (b) together. As a matter of principle they ought to amount to damage if the risk is sufficiently great. I have already set out some extracts from authority which deal with the question of damage. That authority indicates, and it indeed is accepted by Alfred, that the relevant damage, for the purposes of passing off, is not limited to loss of sales to an opponent, or cases where the defendant's goods or services are inferior to those of the claimant. As Mr Thorley put it, injurious association or dilution of exclusivity can, in an appropriate case, amount to damage. It is obviously the sort of risk that Warrington LJ had in mind in the passage from *Ewing v Buttercup Margarine Company* (1917) 34 RPC 232 at page 239, set out above, but which I repeat here:

> "To induce the belief that my business is a branch of another man's business may do that other man damage in all kinds of ways. The quality of the goods I sell; the kind of business I do; the credit or otherwise which I might enjoy – all those things may immensely injure the other man who is assumed wrongly to be associated with me."

Heads (a) and (b) fall within that principle if they have been adequately proved.

44. I therefore have to weigh and assess the risks of damage relied on by Robert in the light of the evidence. First, there is the question of the level of risk of a tarnishing of the McAlpine name. This is impossible to quantify, but it is a possibility. With one exception, no witness suggested that Alfred enjoyed anything other than a good current reputation in terms of its work, payment record, creditworthiness, health and safety matters and all other things that would establish a good business reputation. (The one exception was Mr Kerr, who gave some evidence that Alfred had a poor payment record and a record for being confrontational in building disputes. I accept that he had that belief, but I do not think that it is shared generally in the industry, and I find that it is not a fair picture of Alfred). There were no positive indications that its good reputation was about to change. However, that is not entirely the point. There is a risk. A number of things might plausibly happen. Alfred's business reputation in one or more of the areas might change; or its reputation might be affected by some engineering misfortune which gains some publicity. Since Alfred is involved in railway maintenance, fears were expressed by one witness that accidents in that area might affect its reputation, though it was pointed out that Alfred's railway maintenance activities related to such fixtures as embankments, and not to such things as the track and signalling, where reputations might be said to be more vulnerable. Other work was put forward as possibly causing public opprobrium, such as participating in an environmentally sensitive road building project.

45. I do not think that it can be said that any of these things are probable, but it certainly cannot be said that they are fanciful. They are a real possibility in the modern commercial world. I do not think that Warrington LJ was insisting on proof of his various items on a balance of probabilities before they could count as damage for the purposes of passing off. It seems to me to be sufficient that there is a real risk that the claimant would be affected by one or more of them, or by similar matters.

46. Various witnesses gave evidence of what they thought the effect of a tarnishing of the McAlpine name (as a result of undesirable actions of Alfred) might be on those with the power to award contracts. Mr Spencer, who heads Robert's PFI division, considered that there was a risk that members of the PFI project board, who took the ultimate decision, might be influenced by bad publicity given to Alfred (on this hypothesis known simply as "McAlpine"), wrongly failing to distinguish between the two companies, and that as a result Robert would not get on to a bid list. While the project board has available to it the expertise of the project team in putting together the list and then choosing a preferred bidder, there might be circumstances in which there was

a rejection of Robert's name at a time when the member or members in question were not properly informed. Mr Spencer also said that a tarnishing of the McAlpine name might lead other potential members of a PFI bid team to prefer not to join with them. Mr Weekley spoke of the potential effect on Robert's reputation if "McAlpine" was concerned with environmentally sensitive projects and members of the public thought that it was Robert. There has in the past been some confusion (before the re-branding) where members of the public have complained to Robert about utilities diversion work (involving holes in the ground) which was in fact carried out by Alfred, and those incidents were likely to increase and risk giving the public an adverse impression of Robert. So far as other employers go, it was said that while a large number of them will be either properly informed themselves, or will have advisers who are sufficiently well-informed to advise them of the distinction between the two companies, there is at least a possibility that adverse publicity for "McAlpine" would rub off on Robert because it might induce someone to leave them off a tender list which they would otherwise have been on. The instance of school governors taking that view in relation to a building contract was put to Mr Doughty, chief executive of Costain, who gave evidence for Alfred. His view was that that was a possibility, though, in his words "more possible than likely". Mr Grice himself was alive to the possibility of the image of one company being tarnished by the reputation of the other, though he did not consider that that risk was increased by the re-branding.

47. I bear in mind that the customers of Robert and Alfred operate in a relatively sophisticated and well-informed market. Many will be sufficiently well-informed to be able to distinguish between the two, and not to let an adverse impression attaching to one affect its judgments in relation to the other. However, I am satisfied that there is still scope for the sort of adverse effects referred to above, and that that scope presents a sufficiently high risk to the reputation of Robert as to amount to damage for the purposes of passing off. After the re-branding there is greater scope for adverse publicity and reputation to be attached to "McAlpine" (after all, putting the name forward prominently is part of the purpose of the re-branding exercise) without a distinguishing "Alfred", and for that to rub off on Robert because of the shared goodwill and shared name. I accept that some of the risks tend to be more speculative than others – for example, the risk of being excluded from PFI work at the pre-qualification stage – but I have to look at the matter in the round and realistically, and doing so leads me to the conclusion that the risks are real enough to amount to the sort of damage that the law of passing off is intended to prevent, as Warrington LJ stated.

48. I turn now to the third head of alleged damage (head (c)). *Irvine v Talksport*, cited above, was not a case of shared goodwill, but I have found the passages cited helpful. Again, I repeat them here:

> "In such a case [ie even where the defendant's goods are of higher quality], while the defendant may not damage the value of the goodwill as such, what he does is damage the value of the goodwill to the claimant because, instead of benefiting from exclusive rights to his

> property, the latter now finds that someone else is squatting on it." …
>
> "The law will vindicate the Claimant's exclusive right to the reputation or goodwill. It will not allow others so to use goodwill as to reduce, blur or diminish its exclusivity."

Because this is an action between joint owners of goodwill, those dicta cannot be directly applied. However, the underlying thesis can. It looks at the value of the goodwill to the claimant and recognises that if someone else lays claim to it, that, of itself, is damage which the law will step in to prevent. In *Irvine* Laddie J used the metaphor of squatting. In the case of joint ownership of goodwill a more appropriate metaphor would be elbowing out, or moving over.

49. Just as the sole owner's rights should not be reduced, blurred or diminished, nor should a joint owner's, whether at the hands of the other joint owner or a third party. Neither owner has higher rights in the name and reputation than the other. But it seems to me to follow from that that neither is entitled to start to elbow the other aside by using it to describe its own business in a way which suggests the exclusion of the other. This is not to invent the tort of misappropriation of goodwill, which I have disclaimed above. It is to recognise that the shared rights to goodwill can be damaged by the co-owner arrogating to himself the use of the name in circumstances where that amounts to a misrepresentation and a partial ouster of the claimant. Because the rights are shared, Robert has had to live with the risks flowing from the use of the name by another, but that risk was limited by the general use of "Alfred" as a prefix. Once the prefix goes, there is scope for a greater amount of elbowing (or blurring, or diminishing, or erosion (per Peter Gibson LJ, in the passage from *Taittinger*, cited above)), to which Robert has not consented.

50. Is this sort of loss made out here? It seems to me that it certainly is. Before the re-branding, the co-owners of the goodwill co-existed and exploited the name, and benefited from it, in whatever manner they could. But at all times their activities in that respect were as a matter of fact constrained by the fact that an identifier was added to make it clear which party was speaking or being referred to. That identifier was available not only to the parties, but was also available to third parties such as the press and the construction industry generally. The exploitation was carried out without misrepresentation, and without either party taking steps to suggest that it was the sole owner of the name. That has now changed. Alfred has taken steps which suggest that it is the sole owner of the name, and to do that is to affect the value of the name to Robert because it starts to elbow it out – it deprives Robert of some of the value of the name to itself, and it blurs or diminishes Robert's rights. So to hold is not to let the metaphor govern the principle; it is to acknowledge the principle and to acknowledge the usefulness of the metaphor in expounding it. It is no answer to say that Robert could also call itself McAlpine (as was suggested in the trial). The fact is that Alfred has sought to do so, and it

cannot escape the consequences by saying that Robert could do that as well if it wanted.

51. Another way of looking at this point is to consider the "punching above its weight" point. This phenomenon, identified by Fishburn or some of its interlocutors, gives each company the benefit of an impression that it might be bigger than it actually is. To do so is to some extent to live off the goodwill of the other. While each company takes steps to hold itself out as separate from the other by means of an appropriate identifier, neither can complain if the other has this benefit. It has become a necessary consequence of the shared goodwill, and something to which each has effectively consented. However, once one of them goes further, and actively looks to increase this effect by adopting the jointly owned name as its principal identifier then it is likely to increase the effect. That is damaging to the co-owner because it does in a genuine way deprive him of part of the value of the goodwill; and it achieves it by a misrepresentation, which makes it passing off. In this case I find that it is likely that that effect will be increased, and that that is damage for the purposes of passing off. It is no answer to say that this is a mutually beneficial effect. It is no answer for a defendant to say that its goods are of a higher quality than the claimant's; so it is no answer for Alfred to say that Robert too can punch above its weight as a result of Alfred's positive passing off activities.

Conclusions

52. It follows, therefore, that I find that passing off has been established. In the circumstances, and subject to one point as to its scope, I will grant the injunction sought in the Particulars of Claim subject to any minor amendments that might be required after further argument – I have set out its terms above. While Mr Thorley pointed out certain aspects of the terms of the injunction in his submissions on liability, it was not submitted to me that injunctive relief was inappropriate in this matter if I found that the tort was established.