

Case No: HC04CO3999

Neutral Citation Number: [2005] EWHC 2663 (Ch)
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Royal Courts of Justice
Strand, London, WC2A 2LL

17th October 2005:

BEFORE:

THE HONOURABLE MR JUSTICE PARK

BETWEEN: -----

GLOBAL PROJECTS MANAGEMENT LTD

Claimant

- and -

(1) CITIGROUP INC
(2) CITICORP
(3) CITIBANK NA

Defendants and
Part 20 Claimants

- and -

(1) DANIEL JAMES STUART DAVIES
(2) GLOBAL PROJECTS MANAGEMENT LTD

Part 20 Defendants

MR ANDREW McGEE (instructed by Messrs Memery Crystal) appeared on behalf
of the CLAIMANT.

MR JIM DAVIES appeared IN PERSON.

MR JAMES MELLOR (instructed by Messrs Denton Wilde Sapte) appeared on
behalf of the DEFENDANT.

Approved Judgment

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(Official Shorthand Writer's to the Court)

1. MR JUSTICE PARK: Introduction and overview

In this case one of the parties substantially involved is Global Projects Management Limited. I will refer to it as GPM. In general the single word Citigroup should be understood as a reference to Citigroup Inc. Occasionally, as the context will show, I may use the term "Citigroup" to refer both to Citigroup itself and its two associated companies, Citicorp and Citibank NA, which jointly with it are defendants and Part 20 claimants in the present case.

2. A case which I will mention frequently is British Telecommunications plc v One in a Million Ltd [1999] 1WLR 903. In general I shall refer to it as "One in a Million".

3. Citigroup is the principal corporation in one of the largest financial and banking groups in the world. It has an internet domain name and address, which is citigroup.com. GPM is a one man company owned, controlled and managed by Mr Jim Davies. He is the first Part 20 defendant, being in that capacity a defendant to a counterclaim by Citigroup and its associated companies. Mr Davies and his mother are the directors of GPM. She is a lady in her 80s and she takes no active part in the affairs of GPM.

4. In circumstances which I will describe later GPM acquired the internet domain name and address citigroup.co.uk, which should always be kept distinct from citigroup.com. Citicorp.com is, as I said, the internet domain name and address owned by Citigroup itself. GPM has no connection with the company Citigroup, and the domain name citigroup.co.uk has nothing to do with Citigroup or its subsidiaries or any of their businesses.

5. In two letters in 2004 (one of the 15th April and one of 15th July) Citigroup's English solicitors wrote to GPM. They said that GPM's registration of the domain name citigroup.co.uk was an act of passing off Citigroup's goodwill and Citigroup's marks as GPM's own goodwill and marks. The letters threatened legal action. The letters were written on behalf of Citigroup itself and its two wholly owned subsidiaries, Citibank NA and Citicorp. I should mention in this connection section 21 of the Trade Marks Act 1994, which in the broadest of outline creates a cause of action for a person who has received unjustified threats of proceedings being brought against him for trade mark infringement. There were some intervening events (of which I will say more later), but in December 2004 GPM commenced an action against Citigroup, Citibank NA and Citicorp. It was an action brought under section 21. It claimed damages and other relief for what GPM contended were unjustified threats made in breach of the section.

6. Citigroup, Citigroup NA and Citicorp have defended the claim and have made counterclaims against GPM and Mr Davies personally. In the counterclaims they allege that the registration and ownership by GPM of the citigroup.co.uk domain name constituted the tort of passing off. They also allege that GPM is in breach of registered trade marks owned by Citicorp. They claim various reliefs of which the foremost one is an order for GPM to assign the domain name citigroup.co.uk to Citigroup. Further, they claim summary judgment in respect of the reliefs which they seek. Logically Citigroup's counterclaim arises first. That is, it arises logically before the threats action falls to be considered. If the counterclaim is upheld GPM's action for unfounded threats of trademark proceedings must, I believe, fail.

7. GPM and Mr Davies contend that Citigroup's counterclaim is unfounded, or that at the very least it should go to a full trial and should not be upheld by way of summary judgment. However, in my judgment the counterclaim is well-founded. I also consider that GPM and Mr Davies have no real prospect of successfully defending the counterclaim. I will therefore give summary judgment for Citigroup and its two subsidiaries on the counterclaim. I believe that it will follow that I will also give summary judgment dismissing GPM's claim. However, I shall briefly mention that matter again at the end of this judgment.

Internet domains and domain names.

8. The institution of an internet name, with an internet address, is by now widely familiar and I will not take time describing it in any detail. There is a helpful account in the early part of the

judgment of Aldous LJ in One in a Million. In part, the description which appears there reproduces a passage from the judgment of Mr Jonathan Sumption QC who had been the judge at first instance.

9. One use of an internet domain, and a very familiar use, is for it to carry a website. All kinds of businesses and organisations have websites. A domain name also operates as an email address. A typical domain address is the name of the business or organisation followed by a dot and a suffix. For a business organisation the suffix may be .com. Thus Citigroup's domain address is citigroup.com. Another possibility is a suffix which denotes a national jurisdiction. In the United Kingdom a very common suffix is .co.uk.
10. Someone who wishes to access a website types in www. followed by the domain address: thus "www.citigroup.com" will take one to Citigroup's website. Someone who wishes to send an email to a person at a business or organisation which has a domain name types the name followed by the @ symbol and the domain address. For example: "AB@citigroup.com". However, as matters stood when this case began, if a person typed in, not "www.citigroup.com", "but www.citigroup.co.uk" and pressed the appropriate key he would not find himself in the Citigroup website. Rather he would be taken to a GPM domain, and all that he would see on his screen was a short sentence: "an error has occurred". An error of one sort had occurred, but it was not a malfunction of the system. Similarly, if a person wished to contact Mr AB, an employee of Citigroup (or of a subsidiary) in the UK, and sent an email addressed to AB@citigroup.co.uk, the email would not reach Mr AB. The message would flow through electronic channels to the computer system at GPM. For some time before this case arose Mr Davies had caused GPM's system to send a return message which read as follows:

"Your email was sent to someone@citigroup.co.uk. Global Management Projects Ltd owns the citigroup.co.uk domain name and no-one of that name works here. I suggest that your email has been wrongly addressed and needs to be re-submitted. If our domain is on a mailing list kindly remove it.
Best wishes
Jim Davies
Director Global Projects Management Ltd."

- Registration of domain names; the cyber-squatting phenomenon; One in a Million.
11. In the United Kingdom a person who wishes to obtain a domain name does so by applying to a non-profit making company called Nominet, which provides a registration service. There is no specific evidence about whether Nominet as a matter of routine vets applications to check whether the domain name applied for is suitable. However, it seems fairly clear that Nominet does not do that, or at least does not do it in all cases. Nominet no doubt checks whether a domain name applied for has already been allocated. If it finds that the name has not been allocated the practice seems to be that the name will be registered in favour of the applicant. Further, as it appears to me, the checks must be of whether the whole name applied for, including the suffix, has already been allocated. If a person applies to Nominet to register the domain name xyz.co.uk, and that specific name has not already been registered but xyz with a different suffix has (eg xyz.com), it seems that Nominet will register the applicant as owner of the xyz.co.uk name.
 12. This led to the phenomenon known as cyber-squatting. Persons with no connection with a well-known business name would find some permutation containing the name and a suffix, but where that particular permutation had not been registered by the real owner of the business. The person concerned would then register that permutation himself and try to make money through being bought out by the true owner. Similar operations have been attempted from time to time, not in relation to domain names, but in relation to the names of companies. The courts have been consistently unsympathetic to such activities. In cases about company names they have acceded to applications requiring the companies' names to be changed: see Fletcher Challenge Limited v Fletcher Challenge Pty. Limited [1982] FSR 1 (The Supreme Court of New South Wales), Glaxo plc v Glaxowellcome Ltd [1996] FSR 388 (Lightman J), Direct Line Group v Direct Line Estate Agency Ltd [1997] FSR 374 (Laddie J). In the context of domain names the leading case is One in a Million.

13. In One in a Million two individuals owned the company One in a Million Ltd. That company succeeded in obtaining (I assume through Nominet or whatever may have been Nominet's predecessor) domain names which included the names of well-known businesses. Twelve registrations were identified, examples of which were britishtelecom.co.uk, marksandspencer.co.uk and sainsburys.com. I have no doubt that the real British Telecom, the real Marks & Spencer and the real Sainsbury had their own domain names and websites, but One in a Million managed to find domain names which were slightly different.
14. Both the High Court and the Court of Appeal held, on grounds both of passing off and of breach of registered trade marks, that the registrations were unlawful. Injunctions were granted against One in a Million Ltd and the individuals who controlled it, restraining them from such conduct and requiring them to transfer the domain names to the companies which in reality traded under those names. Aldous LJ, with whom Swinton Thomas LJ and Stuart-Smith LJ agreed, delivered a detailed and important judgment. In my view the judgment was plainly intended to do more than just to decide the case on the particular facts before the court. It was intended to identify principles which would govern cases of a similar nature in future, even if in some detailed respects the facts of future cases might not be exactly on a par with those of One in a Million.
15. I will not attempt to summarise Aldous LJ's judgment here. It should be read and studied in its entirety. I will, however, refer from time to time to aspects of it as I consider some of the arguments presented to me in this case. I should specifically point out that the judgment of the first instance judge, which the Court of Appeal upheld, was a summary judgment under the old Order 14 of the rules of the Supreme Court. I find no suggestion anywhere, either in the first instance judgment or the Court of Appeal judgments, that the case was unsuitable for summary judgment and really needed a full-scale trial.

The facts in fuller detail.

16. 1. Citigroup itself came into existence in 1998 upon the merger of two large United States based banking and financial groups, Citibank and Travelers Group Inc.
17. 2. The Citibank part of the merged concern traces its origins back to 1812 in the United States and to 1902 in the United Kingdom. For many years the main part of the business traded under the name First National City Bank. In the late 1970s the name changed to Citibank. Some operations were also carried on under the name Citicorp, and it may be that companies in the same group used other marks which similarly began with Citi.
18. 3. I do not have evidence about the origins of Travelers Group Inc, but by 1998 it was certainly a large group, United States based and operating in the banking and financial fields. I believe, but I am not sure, that the name Travelers Group had been a comparatively recent innovation, and that the corporation derived from an amalgamation of a number of United States financial institutions, some of which had themselves well-known business names.
19. 4. On 6th April 1998 Citicorp and Travelers Group announced an agreement upon a merger. The press announcement was issued in the morning, and, at least to those involved in the financial and commercial fields, was a very big news item worldwide. The headlines of the Press announcement were:

"Citicorp and Travelers Group to merge creating Citigroup: the global leader in financial services.

Combined company will be poised to deliver a full range of products and services to over 100 million customers in 100 countries.

Transaction has a value of \$140bn."

The announcement stated in the second paragraph that the combined company would be named Citigroup Inc. The market capitalisation, according to the announcement, would rank it number one among the world's financial services companies. As one would expect, the

news was widely reported. The reports, or certainly some of them, mentioned the new Citigroup name. Some reports referred to the creation of "a global powerhouse to be called Citigroup". One American analyst was quoted as saying: "This is the largest deal in history." I have no doubt that by the afternoon of 6th April 1998 anyone who took an interest in business, and in particular in financial business, would have had ample opportunity to know that the merger had been agreed and that the overall name for the merged operations was to be Citigroup. The opportunity for interested persons to know those things existed not just in the United States, but in many other countries as well, including the United Kingdom.

20. 5. At some time in the afternoon of 6th April 1998 (the day of the announcement), Mr Davies, on behalf of GPM, applied to Nominet to register the domain name citigroup.co.uk. Nominet dealt with the application the next day, and registered GPM as the owner of the name.
21. 6. On that next day, 7th April 1998, Mr Davies contacted Nominet again and made a further application, this time for GPM to register also the domain name citigroup.com. However, that name had already been registered and this second application by Mr Davies was unsuccessful.
22. 7. The merger announced on 6th April 1998 was actually implemented on 8th October 1998, after (I assume) various mechanical and regulatory steps had been gone through. However, that the merger was going to happen had been widely known from the time of the announcement.
23. 8. Effectively the position brought about by what I have described so far is how matters have stood until the commencement of this case. However, there are some intervening facts which I should record.
24. 9. GPM has never used the domain name citigroup.co.uk in its own business. It has its own website, the address of which is gpm.co.uk.
25. 10. GPM has not attempted to sell the citigroup.co.uk domain either to Citigroup or to any third party. It has simply retained it, paying the biennial renewal fees to Nominet.
26. 11. I have already recorded what happened if someone attempted to access to the domain. If he typed in www.citigroup.co.uk he received a message "an error has occurred". If, attempting to send an email to Mr AB, he typed in AB@citigroup.co.uk, he received the message which in essence said that no-one called AB worked at GPM and that GPM owned the domain name.
27. 12. It has emerged from the evidence prepared for this case that many emails intended for employees in the United Kingdom of Citigroup or its subsidiaries have been addressed to the .co.uk address. Thus they failed to get through to Citigroup, but they did get through to GPM. Mr Davies has said that there were 4,820 non-spam emails of that nature in the twelve months to 31st March 2004. The Chief Trademark Counsel for Citigroup says in a witness statement:

"This is a huge amount of email traffic, averaging over 13 per day, and Citigroup had no idea that the quantity of misdirected emails was at this level."

Some of the emails must have contained sensitive and confidential information relating to large financial transactions. There is no evidence (subject to one exception) that Mr Davies has attempted to use this information, but it does seem clear that he has read it, or at any rate some of it. That is something which causes Citigroup much concern. The exception is an occasion when Mr Davies enquired of the Financial Services Authority whether he could purchase shares in a company about which he had learned from some confidential details in an email intended for Citigroup but received by GPM. The FSA said that he could not, and he did not. Mr Davies appears to think that he should be congratulated over that episode.

28. 13. From Mr Davies's evidence it appears that there were a few occasions between 1998 and 2003 when Citigroup employees learned that an email sent to citigroup.co.uk had been sent to the wrong address. However, Citigroup's evidence establishes to my complete satisfaction that it was not until January 2003 that the situation came to the attention of persons within

Citigroup at the sort of level who might be expected to take action about it. It could be the case that, if Citigroup had had more rigorous internal processes in force, the situation would have come to the notice of persons at higher levels sooner than it did. The fact of the matter is that January 2003 was the first time at which that actually happened.

29. 14. In 2003 and 2004 management at a sufficient level did learn that the citigroup.co.uk domain name existed and that it was owned by GPM. The evidence identifies three specific instances where management became aware of emails which, because their senders used the .co.uk address instead of the .com address, the emails were routed to GPM. In fact, we now know that there have been thousands of such instances.
 30. 15. Citigroup instructed its United Kingdom solicitors to take steps to rectify the situation. This led to correspondence initiated by the solicitors' letter to GPM of 15th April 2004 to which I referred in the Overview at the beginning of this judgment. (It was one of the two letters which GPM contends to have contained threats which were actionable under section 21 of the Trade Marks Act 1994.)
 31. 16. Nominet provides a private and, I believe, relatively inexpensive dispute resolution service. Citigroup initiated the use of it, seeking a direction that GPM should transfer the domain name to it. Initially GPM cooperated. For example, it served its response form. However, a rule of the Nominet proceedings is that they will terminate if the issue is raised in normal court proceedings. Citigroup believes that its complaint under the Nominet procedure was close to an adjudication (the whole process is done on papers without a hearing), but GPM commenced its threats action. That caused the Nominet procedure to be terminated without a decision.
 32. 17. The threats action was commenced by the issue of GPM's claim form on 22nd December 2004. However, GPM, despite being pressed by Citigroup to serve the claim form, did not do so until the last day of the four months' period within which a claim form must be served.
 33. 18. Thus the claim form was served on 21st April 2005. Citigroup's Defence and Counterclaim followed. The counterclaim was against, not just GPM, but also Mr Davies personally. GPM and Mr Davies have served a Reply and a Defence to Counterclaim.
 34. 19. On 9th June of this year Citigroup, Citicorp and Citibank issued an application notice seeking summary judgment dismissing GPM's threats action and allowing their counterclaim.
 35. 20. I should, for completeness, record that the hearing of the application began on 26th July 2005, but could not continue after that date. It was therefore adjourned to resume in October (as it has done) and temporary arrangements were made for emails addressed to the .co.uk address to be forwarded or diverted to Citigroup. Mr Davies was entirely accommodating and helpful over that.
- Analysis and Discussion: passing off.
36. The threats claim was made first in time, but the parties accept (and so do I) that logically the first issue to be determined is whether Citigroup's claim for summary judgment on its counterclaim succeeds. If it does, as I have already mentioned the threats action will presumably fall away. If Citigroup's claim for summary judgment on its counterclaim does not succeed Mr Mellor would not invite me to give summary judgment dismissing GPM's threats claim.
 37. Therefore this part of my judgment is directed to Citigroup's application for summary judgment on the counterclaim. Further, I deal here with the claim which is brought on grounds of passing off as opposed to trade mark infringement. Passing off was the main matter concentrated on in Aldous LJ's judgment in One in a Million. Mr Mellor, who appears for Citigroup, submits that this case is covered by the decision in One in a Million. In that case the company One in a Million, and the individuals who caused it to do what it did, were liable in passing off, and Mr Mellor says that this case is in principle the same. I agree with him. There are differences between the facts of One in a Million and the facts of this case, and I

shall allude to them as this judgment proceeds. In my firm opinion, however, the differences are not relevant distinctions.

38. Aldous LJ laid down the principles which governed the cases before him and, as I have already said, he was plainly intending not just to decide those cases, but also to provide authoritative guidance for future cases. I will not repeat his important and valuable judgment here. It is available to be read in full in the reports. Nor will I attempt to paraphrase his reasoning in words of my own. What I will do in the following paragraphs is to refer to particular circumstances of this case, which Mr McGee submits have significance and may lead to a conclusion different from that in One in a Million. (Mr McGee was counsel for Mr Davies, and effectively also for GPM on the passing off and trademarks aspects of the case, though Mr Davies spoke on GPM's behalf as respects the threats claim.)
39. A key strand in Aldous's LJ reasoning was that the main names which One in a Million succeeded in having registered to it were "instruments of fraud". I do not think that he meant fraud in the criminal and most pejorative sense of the term. The directors of One in a Million no doubt thought that they were entitled to do what they had done and that they were not in breach of any legal rules. Nevertheless "instruments of fraud" was the expression which Aldous LJ used. Mr Sumption at first instance had used the slightly toned down expression "instruments of deception".
40. The reason why the domain names were regarded by Aldous LJ as instruments of fraud was not that One in a Million itself used the domain names to make fraudulent misrepresentations to the public that goods and services supplied by it were the goods and services of, for example, Marks & Spencer or British Telecom. One in a Million's main defence to the passing off claim had been that, although companies like Marks & Spencer and British Telecom may have disliked what One in a Million was doing, it was not trying to supply any goods or services to anybody. Aldous LJ did not accept the defence, and in the circumstances I consider that it is not open to me to accept the equivalent defence in this case either. The mere registration and maintenance in force of a domain name which leads, or may lead, people to believe that the holder of the domain is linked with a person (eg Marks & Spencer or British Telecom, or, I would add, Citigroup) is enough to make the domain a potential "instrument of fraud", and it is passing off.
41. Mr McGee points out, correctly as far as it goes, that whereas the registration of names like Marks & Spencer can in the nature of things only have been applied for and obtained because the applicant thought that persons might be misled into believing that the holder of the domain name was the real and unique Marks & Spencer or was authorised by the real and unique Marks & Spencer, that is not so of the name Citigroup. It is possible to imagine the existence of one or more business organisations in this country which have names which are like Citigroup spelt with an 'I' or which even are Citigroup spelt with an 'I'. Mr Davies's researches have indeed discovered that a company called Citigroup Ltd was formed in this country a year or so before the announcement about the merger of Citibank and Travelers Group.
42. However, in One in a Million it was not only Marks & Spencer which succeeded. So also did the other claimants, which included Virgin Enterprises Ltd, J Sainsbury plc and Ladbroke plc. In their case the domain names which One in a Million had registered were not so uniquely indicative of them alone and of no-one else as was the name Marks & Spencer. For example, there must be a few businesses around the country which have "Sainsbury" in their name, but which have no connection with the nationally known supermarket chain. So the domain name "sainsbury.com" as registered by One in a Million did not without more establish that the registration was an instrument of fraud or deception. However, there was other evidence which did. The other evidence was, putting it shortly, the cyber-squatting track record of One in a Million and of the individuals who stood behind it.
43. It is true that GPM and Mr Davies do not have a cyber-squatting track record, but there is a different species of other evidence which to my mind shows irrefutably that their object was to obtain a domain name which carried the potential threat of deception harmful to Citigroup Inc. That evidence is the timing of the application to Nominet for the domain name

citigroup.co.uk. The application was made later in the very day on which the agreement to form Citigroup had been announced with high publicity. Add to that that the next day Mr Davies tried to register citigroup.com as well, and the conclusion is even more irresistible. In his written evidence on this he tries, with respect to him, to flannel around the issue. He suggests that he may have been looking for a suitable on-line brand for GPM, and possibly he had heard the name Citigroup on the news. This is palpable nonsense, and Mr McGee made no attempt to use this part of Mr Davies's evidence. There is no need for a trial at which, if Mr Davies tried to say that he was not attempting to register the name of the newly announced world financial giant, his evidence would not be accepted and indeed would in all probability be torn to shreds in cross-examination.

44. There is a further feature. GPM has not attempted to use the domain name in its own business, and Mr Davies has not suggested that it ever will. He denies that he is a cyber-squatter. He accepts, and has indeed given evidence himself, that thousands of persons who wanted to send emails to employees of Citigroup had failed to do so because GPM holds the .co.uk domain name. But in those circumstances, where the domain name appears to be of no interest to him, and where its existence in GPM's ownership is demonstrably causing substantial confusion, he is not willing to assign the name to Citigroup. He has defended Citigroup's counterclaim with a view to his company remaining the owner of the name. What acceptable explanation can there be of that?
45. Mr Davies said to me that it enabled him to look out for improprieties and to draw them to the attention of the authorities. I do not accept that as a genuine or *bona fide* reason at all. It also carries the unacceptable connotation that he intends to snoop on the emails, including confidential emails, which will in considerable numbers inevitably continue to be misdirected and received by GPM. Mr Davies seems almost to preen himself on what he is doing, and he tries to say that it is all Citigroup's fault that large numbers of emails are being addressed to citigroup.co.uk instead of to citigroup.com. The truth is that it is overwhelmingly his fault. No doubt senders of emails have made mistakes, and in some cases, though not most of them, the senders may have been Citigroup insiders who ought to have known better. But the scale of the Group's business in the United Kingdom was bound to generate a large volume of email traffic, and the .co.uk suffix is so common for United Kingdom addresses that Mr Davies must have foreseen what was going to happen as a result of his opportunist action on 6th April 1998. If he did not foresee it at that time he knows it now and his determination to hang on to the domain name speaks volumes as to the true nature of his registration of it.
46. As I have mentioned, Mr Davies denies that he is a cyber-squatter. I think he has in mind two reasons why not. One is that GPM carries on another business of an active nature which has nothing to do with cyber-squatting activities, and thus in that respect is different from the company in One in a Million. The other is that he has made no attempt to sell or seek to make money out of the existence of the citigroup.co.uk name. Whether those circumstances prevent him being a cyber-squatter may depend on the somewhat arid question of how precisely one defines a cyber-squatter. To my mind, although the two factual points which Mr Davies makes are true, they cannot affect my approach to this case or the outcome of it. It is true that Mr Davies has made no attempt to profit from the domain by selling it to Citigroup for a high price, whereas One in a Million had made attempts of that nature. However, Aldous LJ's reasoning was that the acts of passing off were the registration and maintenance by One in a Million of the domain names, not the subsequent attempts to sell them. So the feature that Mr Davies is not actively trying to sell the name, but rather (as it seems to me must be the case) is biding his time, makes no difference.
47. I mentioned a few paragraphs ago that, although only the well-known Marks & Spencer chain uses the name Marks & Spencer, it is probably not the case that only the well-known J Sainsbury plc has "Sainsbury" in its name. Mr Davies has produced evidence of a number of other businesses in the company which have CITY or even CITI in their names. I mentioned earlier that his researches have disclosed a company called Citigroup formed a year or so before the large merger. Just as the presumed existence of other businesses where the name Sainsbury featured did not save One in a Million and its directors from being liable to J Sainsbury plc, so in my view the existence of other businesses where CITY or CITI appears in their names does not save GPM or Mr Davies from being liable to Citigroup Inc and its two

subsidiaries. The key point here is again the feature that, given the dates when Mr Davies caused GPM to apply both for the registration which it did obtain (citigroup.co.uk) and for the one which it did not (citigroup.com), the only tenable conclusion is that he had in his sights the particular Citigroup Inc which was going to be the parent company of the merged Citibank companies, Citicorp companies, and Travelers Group companies. The type of thing which he had in mind was, on the authority of Aldous LJ, passing off, even though it did not involve GPM offering banking and financial services to companies. Further, it was plainly passing off directed against Citigroup and its associated companies.

48. In that connection it cannot matter that, on 6th April 1998 when GPM applied for the registration of citigroup.co.uk and on 7th April when GPM obtained the registration, the present claimant, Citigroup Inc, was not yet the parent company of the merged group. Indeed, for all I know the present claimant, Citigroup Inc, might not even have been incorporated then, or, if incorporated, might not have been as yet ear-marked as the company to fulfil the role in the event fulfilled by the present Citigroup Inc. The merged group only began operations on 8th October 1998, and I can only be certain that the present Citigroup Inc was known and identified then. However, on 6th and 7th April 1998 Mr Davies knew that the group was going to be formed and he knew that it was going to be called Citigroup. It can only have been with a view to having the domain name in place, as what Aldous LJ described as an instrument of fraud, when the merged group started operations that Mr Davies caused GPM to apply for the registration of the domain name when he did. He obviously applied very quickly in the hope of forestalling an application for the name by a genuine Citigroup applicant.
49. Mr McGee has submitted, correctly, that passing off requires a complainant to have had an established reputation associated with the relevant name. He then submits that a full trial is needed to ascertain whether there was a reputation in the name Citigroup on 6th and 7th April 1998. I cannot agree. Mr McGee further submits that the reputation needed to exist in the United Kingdom. I am not sure about the last point. It may, however, be established by authority and I will assume that it is, or may be, right. There are, however, two irrefutable answers to these particular submissions which Mr McGee has persuasively put forward. First, from the evidence of the magnitude of the transaction and the extensive press coverage of it, I am entirely satisfied that, at least among persons who had a reasonable knowledge of the structure of financial business and of the leading participants in it, Citibank NA had an established reputation and that that reputation was known in this country as well as in the United States. The CITI part of the new name Citigroup was obviously designed to assume and take on for itself that existing reputation of Citibank NA. Second, I do not think that GPM and Mr Davies can realistically be heard to say that there was no reputation in the name Citigroup on 6th and 7th April 1998. The publicity for the formation of the new Citigroup had made it clear that, when the new group started its operations (in the event on 8th October 1998), it would be the successor to Citibank and to Travelers Group and would benefit from their established reputations. To me it is obvious that Mr Davies fully appreciated that. It was precisely because he appreciated it that on 6th April 1998 he hastily applied to register the domain name. Plainly he thought, and correctly thought, that the new Citigroup would have a reputation which it would want to protect, and, despite his protestations to the contrary, I believe that it can only have been because of that that he caused GPM to obtain the domain name.
50. I move to another point. Mr McGee has tried to make something of the fact that the domain name was registered to GPM in 1998, but Citigroup did not do anything about it until 2004. That is true, but there is nothing in it which could dissuade me from giving summary judgment to Citigroup on its counterclaim. There is no limitation defence, because passing off is a continuing cause of action (and so, I interpolate, is infringement of a registered trade mark). Admittedly Citigroup could not claim damages for any financial loss which it suffered more than six years before it brought its counterclaim, but realistically Citigroup is not looking for relief of that nature. What it wants is an order for the assignment of the domain name to itself now and injunctions to restrain further passing off in future. I should add that Mr McGee has not suggested that a limitation defence is available.

51. Nor is there any defence in the nature of acquiescence. I think that Mr McGee's point is that the lack of action by Citigroup for six years or more shows that the existence of the domain name in the ownership of GPM has not been important. More specifically, Mr McGee has in mind that loss, actual or potential, is a necessary ingredient of a passing off claim. It is suggested to me that Citigroup's delay in suing is an indication that it has suffered no loss. In my judgment this argument is unmaintainable. Citigroup at a sufficiently high management level did not know of the existence of the domain until early 2003, and although the first letter from Citigroup solicitors to GPM was not written until March 2004, that short delay of a little over a year has zero probative value on whether or not there has been any loss.
52. As to whether the existence of the domain in the wholly unconnected ownership of GPM has caused or may cause loss, it seems to me self-evident that the answer must be that it has, even if a precise quantification is impossible. Citigroup obviously thinks that the present position is harmful to it, otherwise it would not be spending money on these proceedings. The feature, now known to all, that many emails, some of them confidential and sensitive, are going to GPM where they might be read by Mr Davies (and apparently are read by him) simply must be damaging to Citigroup's business. Further, the longer it goes on the greater is the risk of loss, particularly given any publicity which the present case might attract.
53. There are no other specific points of fact or principle which I wish to address in relation to the passing off element of the counterclaim. In my judgment this case is in all essential respects on all fours with One in a Million, and I believe that I should follow the decision in that case. I should, however, mention three decided cases to which Mr McGee referred.
54. First, HFC Bank Ltd v Midland Bank Ltd [2000] FSR 176. The Midland Bank was a member of the HSBC Group and was rebranding its Midland Bank branches as HSBC branches. HFC, which had a small banking business of its own, argued that the Midland Bank was passing itself off as the HFC Bank. The case was obviously weak on the facts and failed. The highest that HFC could put its case was that some of its customers might have been confused, but that stopped far short of the actual or potential deception of customers which an action for passing off required. In the present case I am satisfied, and I do not need a trial to be satisfied, that GPM acquired the domain name and has maintained it in force as "an instrument of deception" or "an instrument of fraud". The HFC case is of no assistance.
55. Second, French Connection Ltd v Sutton [2000] ETMR 341. The claimant company owned a chain of fashion shops. It had run an advertising campaign which featured the letters FCUK. Some two months later Mr Sutton, an internet consultant, registered the domain name FCUK.com and used it for business purposes. The claimant alleged passing off by Mr Sutton and applied for summary judgment. Rattee J refused and said that the matter should go to trial. There were plainly disputes of fact on some highly relevant issues. For example, Mr Sutton said that, when he registered the domain name, he did not know of the claimant's use of the letters FCUK in its advertising campaign. He also gave an explanation, which might have been true, of why he wished to choose those particular letters, FCUK, for his domain name. The case needed a trial to determine where the truth lay. The present case, in my judgment, does not.
56. Third, Phones 4u Ltd v Phone4u.co.uk Internet Ltd [2005] EWHC 334. In 1999 the claimant company was carrying on a business supplying mobile phones under its corporate name Phones 4u. At that stage it was trading on a fairly modest scale. In 1999 a Mr Heykali (the second defendant) decided to go into the mobile phones business and acquired the domain name phone4u.co.uk. The claimant copy eventually brought claims for passing off and trade mark infringement against Mr Heykali and the company which he had by then established. That company was the first defendant. The claim in passing off failed. The critical point was that the judge found on the evidence that, when Mr Heykali registered the domain name in 1999, he had never heard of the claimant company or of its business. On that basis he could not be liable in passing off. The case turned on a finding of fact, the equivalent of which simply could not be made in this case. In this case it is obvious without a trial that, when Mr Davies caused GPM to register the domain name citigroup.co.uk, he did know of the press announcement earlier on the same day about the merger of Citibank and Travelers Group under the name Citigroup. The Phones 4u case does not affect my view on that factual issue

in the present case. Thus it does not deflect me from my conclusion that a trial would be pointless because no other finding is realistically possible.

57. For the foregoing reasons my conclusion is that Citigroup's application for summary judgment on its claim for passing off succeeds.

The counterclaim for infringement of registered trade marks.

58. I also consider that Citicorp is entitled to summary judgment on its claim for infringement of registered trade marks within section 10(3) of the Trade Marks Act 1994. I am not going to say much about this. It is admitted that Citicorp is the holder of registered trade marks of which one is the name and mark "Citigroup", and that GPM, by virtue of obtaining and maintaining in force the citigroup.co.uk domain name, has used or may use a sign which is similar to the registered mark, and which is used in relation to services that are not similar to those for which the trademark is registered. Thus far, paragraphs (b) and (c) of section 10(3) are satisfied.

59. Mr McGee has made points to the effect that not all of the conditions in the rest of subsection (3) are satisfied. The arguments are interesting, and if I came to this case untrammelled by authority I might have found them quite persuasive. However, the problem with them is that they are flatly contrary to the decision in One in a Million. I am bound by the decision in that case. I cannot see how it can be distinguished from this case on the trade mark issues, and I do not think that Mr McGee really suggested to me any reason why it should be. He addressed arguments which may not have been dealt with in any detail in One in a Million, but which cannot be reconciled with the decision.

60. In those circumstances, and taking account of the feature that the trade mark arguments do not matter anyway given my decision on passing off, I will leave it at that. I hope that Mr McGee will forgive me if there is any discourtesy in my not addressing his very clear arguments on this issue more specifically. No discourtesy is intended.

Mr Davies's personal liability.

61. Summary judgment is sought on the counterclaim, not just against GPM, but also against Mr Davies. In my judgment, if GPM is liable to the claimant companies, so also is Mr Davies. This is not an example of piercing the corporate veil. The principle is that Mr Davies participated personally with GPM in a common design to carry out acts which result in tortious liability. The principle is frequently encountered and applied in intellectual property cases. A comparatively recent example is MCA Records Inc v Charly Records Ltd [2001] EWCA Civ 1441; [2002] FSR 26. It is true that the individual who was held in that case to have been jointly liable with the company was a *de facto* director of it and was not a *de jure* director. However, it is not the case that a *de jure* director cannot also be liable in similar circumstances. There are examples in some of the earlier authorities reviewed by the Court of Appeal in Charly Records. One example is C Evans & Sons Ltd v Spritebrand [1985] 1WLR 317. Another example of individual directors being held liable, although I am not certain whether it was mentioned in Charly Records, is One in Million itself. In that case the two individual directors who controlled the company One in a Million, were held to be liable to the claimants just as One in a Million itself was liable.

The Threats Action.

62. I will be willing to hear further submissions about this, but my present view is that, given my decision that Citigroup is entitled to summary judgment on its counterclaim, I should also give summary judgment dismissing GPM's threats action.