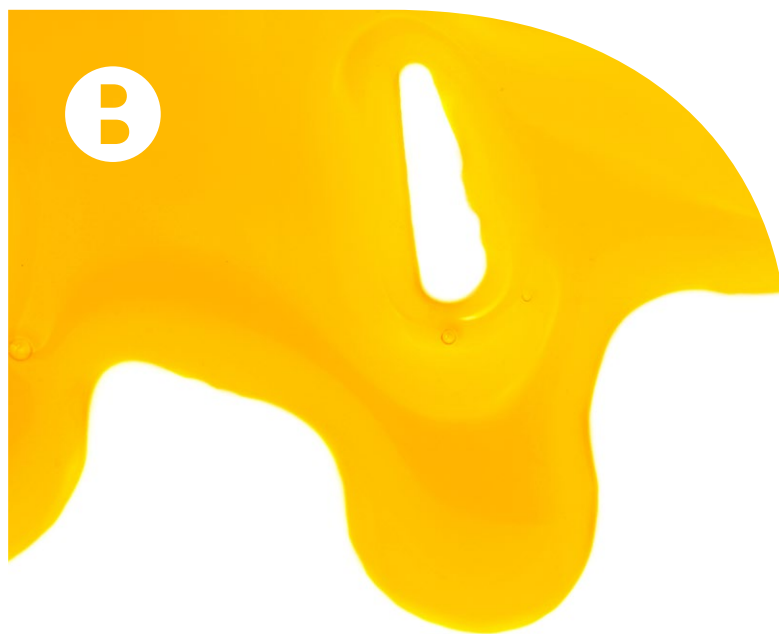


**Trade Marks Review**

**of the Year 2024**



**Bristows**

## Quotation of the Year:

***“It should be borne in mind that trade mark law is all about consumers' unconscious assumptions.”<sup>1</sup>***

Written by Hafsa Babar, Jérôme Coulonvaux, Krishiv Desai, Sally Dunstan, Saaïra Gill, Tim Heaps, Kyrana Hulstein, Sarah Husslein, Sean Ibbetson, Jessica des Landes, Marc Linsner, Angelica Martellato, Jake Palmer, Dhara Reddy, Victoria Rodriguez and Stephanie Taylor.

Edited by Nellie Jackson and Jennifer Noel.

The information contained in this document is intended for general guidance only.

<sup>1</sup> LJ Arnold in VETSURE v PETSURE - TVIS Limited v Howserv Services Limited & Others [2024] EWCA Civ 1103

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## Introduction

Yet again in 2024, Skykick featured heavily with the Supreme Court handing down their judgment in November and we look at what this might mean for bad faith challenges moving forward.

The year also saw the next chapter in the supermarket battle over a yellow circle and the appeal in Thatchers Cider issued just before we went to press. We have included this important decision which will be pleasing news to consumer brand owners in their battles with copycat products. There were many other cases which are interesting for different reasons, not all ground breaking but which help illustrate the issues facing those managing trade mark issues for their clients and companies.

All in all an interesting year in the world of trade marks and we hope that you enjoy the read.

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## Distinctiveness/absolute grounds

### Deceptiveness – word marks



**Kyrana Hulstein**

Associate

[Email](#) | [Visit profile](#)

### Oatly AB v Dairy UK Ltd<sup>2</sup>



## Court of Appeal

In April 2021, Oatly AB (**'Oatly'**) registered the trade mark POST MILK GENERATION for various oat-based milk alternatives in classes 29, 30 and 32, and for t-shirts in class 25. Dairy UK Limited (**'Dairy UK'**) sought to invalidate the registration, arguing that the mark was deceptive under section 3(3)(b) of the Trade Marks Act 1994 (the **'Act'**) and that its use was prohibited in the UK by Article 78(2) of Regulation (EU) No 1308/2013 (the **'2013 Regulation'**), a ground for invalidity under section 3(4) of the Act.

### Hearing Officer's decision

The Hearing Officer dismissed the objection based on section 3(3)(b) of the Act, concluding that the mark was not misleading. She explained that:

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<sup>2</sup> Oatly AB v Dairy UK LTD [2023] EWHC 3204 (Ch), [2024] EWCA Civ 1453

*“[T]he average consumer will view the mark as an ironic way of saying its goods have moved on from conventional milk and are for consumers of a ‘post-milk generation’; i.e. those who no longer consume dairy milk.”*

However, the Hearing Officer upheld the objection based on section 3(4) of the Act (except in relation to t-shirts, to which the 2013 Regulation did not apply). The Hearing Officer explained that the use of the word “milk” in the trade mark POST MILK GENERATION was prohibited by point 5 of Annex VII, Part III of the 2013 Regulation, which specifies that the designation “milk” cannot be used for non-milk products and which covers use in marketing, including trade marks. The Hearing Officer considered that this interpretation of the 2013 Regulation was supported by the decision in *Verband Sozialer Wettbewerb eV v TofuTown.com GmbH*, Case C-422/16 (*‘TofuTown’*).

### High Court’s decision

Smith J allowed an appeal by Oatly against the Hearing Officer’s declaration of invalidity with respect to the goods in classes 29, 30 and 32. The Judge held that the Hearing Officer had construed the prohibition in the 2013 Regulation too broadly, wrongly assuming that use of the term “milk” in marketing automatically constituted use of the “designation” for “milk” under the 2013 Regulation. Instead, the Judge considered that it was the use of the term “milk” to identify a product as milk that constituted their designation as such, not merely its use in marketing. As Oatly’s trade mark did not market the goods as a specific product, let alone as milk, it did not designate the goods as “milk” and so the prohibition in the 2013 Regulation did not apply. In other words, the Judge considered that the term “designation” meant a generic description of a product, not including a trade mark.

Furthermore, given the Hearing Officer’s finding that Oatly’s trade mark would be understood to mean that its products are for consumers of a “post-milk generation”, Smith J concluded that the mark did not claim, suggest or imply that Oatly’s products are dairy products (point 6 of Annex VII, Part III of the 2013 Regulation). According to the Judge, this conclusion was supported by the fact that the term “milk” appeared in a trade mark, which is inherently distinctive and not descriptive of the goods for which it is registered.

### Court of Appeal’s decision

Dairy UK appealed the High Court’s decision, arguing that “designation” should have been interpreted to mean a term that refers to a product in any way, including a trade mark. Arnold LJ agreed, and on 29 November 2024, the Court of Appeal reversed the High Court’s ruling and reinstated the UK IPO’s original decision to declare Oatly’s trade mark invalid.

The first ground of appeal concerned the meaning of the term “designation” in Article 78(2) and Annex VII, Part III of the 2013 Regulation. Oatly argued that “designation” should be defined as “the name used at all stages of marketing”, per Council Regulation 1234/2007/EC (the **‘2007 Regulation’**). Therefore, “designation” has the same meaning as “sales description” in Annex VII, namely *“the name under which a foodstuff is sold [...] or the name of the food”*, and should be distinguished from a trade mark, brand name or fancy name.

Dairy UK argued that this was unlikely to have been the intention, as Article 78 uses both “designation” and “sales description”. Arnold LJ agreed, noting that definition of “designation” in the 2007 Regulation had not been reproduced in the 2013 Regulation, the 2013 Regulation contained a different definition of “sales description” to the 2007 Regulation, and in any event, the 2013 Regulation was not merely a codification or update of the 2007 Regulation, but part of a wider reform.

As a result, Arnold LJ found that the Hearing Officer had been correct to interpret “designation” as including a trade mark. Quoting the Shorter Oxford English Dictionary, Arnold LJ noted that “designation” could mean “a distinctive mark or indication”, which includes a trade mark. Furthermore, Arnold LJ reasoned that, given the purpose of Article 78 and Annex VII, Part III, it would be surprising if the term “designation” did not include a trade mark. Arnold LJ added that the meaning of “designation” should not depend on a legal analysis of whether a word or phrase qualifies as a trade mark.

Arnold LJ concluded that “milk” is a designation referred to in point 1 of Annex VII, Part III and by virtue of point 4, it cannot be used in relation to any product which is not “milk” as defined in point 1, except as permitted by point 3 or the proviso to point 5. Arnold LJ explained that the goods in issue fell within the scope of the 2013 Regulation but were not “milk” as defined in point 1. Following *TofuTown*, it was immaterial that the trade mark POST MILK GENERATION contains two other qualifying words or that it was registered as a trade mark in relation to the goods in question. Therefore, the trade mark was prohibited by Article 78(2) and Arnold LJ did not need to consider Dairy UK’s second ground of appeal.

In response, Oatly sought to argue that use of “milk” in its trade mark was allowed by the second limb of the proviso to point 5 of Annex VII, Part III which applies “*when designations are clearly used to describe a characteristic quality of the product*”. Arnold LJ found several problems with this argument:

1. Oatly had not raised this point before the Hearing Officer or on appeal to the High Court, so it required permission from the Court of Appeal to raise the argument for the first time on its second appeal, whereas it was not normally appropriate for the Court of Appeal to undertake such an assessment for the first time;
2. the argument was not open to Oatly as a matter of law because Article 121(b)(i) and Annex XII point IV(1) of the 2007 Regulation and Article 91(a) of the 2013 Regulation provide for, and Annex I to the Commission Decision 2010/791/EU (the ‘**2010 Decision**’) is expressed to be, “*the list of the products referred to in the second subparagraph*” of what is now point 5 (i.e. the whole of it); and
3. even if the objections at (i) and (ii) above were overcome, the argument would fail because the trade mark does not clearly describe a characteristic quality of the goods in question. Arnold LJ considered that POST MILK GENERATION would be understood as alluding to the fact that the goods are non-dairy products, but does not clearly describe any such characteristic.

Snowden LJ agreed that the proviso to point 5 did not apply on the facts, but disagreed with Arnold LJ’s interpretation of the 2010 Decision. Snowden LJ considered it arguable that the 2010 Decision set out a non-exhaustive list of generic designations of products falling within the first limb of the proviso in point 5 and had not been intended to be a definitive list of designations that could be used to describe a characteristic quality of any current or future product. Jeremy Baker LJ supported Snowden LJ’s view, emphasising that Member States could not have been expected to provide a list of such designations, as this would have required consultation with producers and the regulations would have had to provide for the updating of the list.

Separately, the Court did not consider it necessary to decide whether use of the term “milk-free” would be permissible under Annex VII, Part III; although Arnold LJ was sceptical.

### Reflections

- Businesses in the non-dairy industry should avoid using dairy-related terms such as “milk” or “cheese” when branding non-dairy products. Legal advice should be sought to ensure compliance with relevant regulations.
- There is no definitive ruling yet on whether terms like “milk-free” are allowed to be used in relation to non-dairy products.

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**Krishiv Desai**  
Trainee Solicitor  
[Email](#) | [Visit profile](#)

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### Daimler Truck AG v EUIPO<sup>3</sup>

#### General Court

The Action was brought by Daimler AG (Daimler) seeking to annul a decision relating to their attempted registration of a figurative mark. The Action was dismissed in its entirety. Each party was ordered to bear its own costs as the EUIPO asserted that costs should only be ordered in the event that a hearing was convened.

#### Background

This action was brought by Daimler who sought annulment under Article 263 TFEU of the decision of the First Board of Appeal of the European Union Intellectual Property Office (EUIPO) of 22 May 2023. This decision related to Daimler's attempted registration of the following figurative mark:



The relevant goods and services were in Classes 12, 35, 36 and 37.

The examiner refused registration of the above mark. Daimler filed a notice of appeal with EUIPO. The Board of Appeal dismissed the appeal on the ground that the mark applied for was descriptive and devoid of any distinctive character.

#### Appeal

Daimler claimed that the Court should: (1) annul the contested decision; (2) grant protection to the international registration designating the European Union; and (3) order EUIPO to pay costs. EUIPO contended that the Court should dismiss the action and order the applicant to pay costs.

#### *Claim in Law 1 - Alleged Infringement of Article 7(1)(c) of Regulation 2017/1001*

In support of this claim Daimler put forward two complaints. The first was that the figurative element of the mark applied for confers on that mark, in itself, distinctive character. The second was that the mark cannot prevent its competitors from using the descriptive word element contained in it, so there is no public interest (connected in particular with the need to keep the trade mark available) precluding its protection.

Article 7(1)(c) of Regulation 2017/1001 provides that trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods

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<sup>3</sup> Daimler Truck AG v EUIPO, Case T-436/23)

or of rendering of the service, or other characteristics of the goods or service are not to be registered. To be caught by this prohibition, there must be a sufficiently direct and specific relationship between the sign and the goods and services in question to enable the relevant public immediately to perceive, without further thought, a description of the goods and services in question or one of their characteristics (Deutsche Post EURO EXPRESS v OHIM (EUROPREMIUM) (T-334/03)).

Peek & Cloppenburg v OHIM (Cloppenburg) (T- 379/03)) provides that a sign's descriptiveness cannot be assessed other than by reference to the goods or services concerned, on the one hand, and by reference to the understanding which the relevant public has of it on the other. In this case, the relevant public consisted of the English-speaking general public of the European Union, with a high level of attention. The word "certified" was held to mean "holding or guaranteed by a certificate", "endorsed or guaranteed" or "having earned a certification" and "genuine, authentic".

The BoA found that the element of the mark applied for would be perceived as reinforcing the content conveyed by the word "certified". Therefore, even though the figurative element is not necessarily perceived as ornamental, it would not be capable of diverting the relevant public's attention from the message conveyed by the word element. Accordingly, the Board concluded that the mark was a sum of a descriptive word element and a figurative element which was devoid of distinctive character and it therefore had a sufficiently close link with the goods and services at issue.

Daimler also asserted that the stylisation and graphic features of the figurative element are sufficiently distinctive for the mark to constitute an indication of the origin of the goods and services at issue. The Court considered the EUIPO Guidelines and the Common Practice relating to figurative marks

and to previous court judgments. Case law suggested that the decisive question is whether, from the point of view of the relevant public, the figurative elements change the meaning of the mark applied for in relation to the goods and services concerned (Legal Careers v EUIPO (LEGALCAREERS) (T-686/18)).

The Court noted that a graphic style, even if it has some specific feature, may be regarded as a distinctive figurative element only if it is capable of conveying an immediate and lasting impression which members of the relevant public may retain in a way that makes it possible for them to distinguish the goods of the applicant for the figurative mark from those of the other providers on the market. In this case, neither the size of the figurative element nor its rectangular shape, its ribbed border or the three-dimensional impression produced by it could constitute a stylisation or graphic design that is sufficiently original to confer distinctive character on that element or to be able to divert the relevant public's attention from the word element 'certified' and from the descriptive and laudatory message conveyed by the latter in relation to the goods and services at issue. The claim that the figurative element of the mark applied for confers on that mark, in itself, distinctive character was therefore rejected.

Daimler also argued that the mark cannot prevent its competitors from using the word element for descriptive purposes, and thus there is no public interest connected with the need to keep the trade mark available.

Case law indicates that it is the application of Article 7(1)(c) that makes it possible to ascertain whether there is a need to keep the mark applied for available in respect of the goods and services covered by the application (Muller v EUIPO (TIER SHOP) (T-535/20)). The Court determined that in this case the figurative element contained in the mark, although noticeable, was devoid of distinctive character and would not divert the relevant

public's attention from the descriptive message conveyed by the word element 'certified'. Furthermore, the interest in a sign being available is not a criterion for differentiating the degree of distinctive character required for registration of an EU trade mark (Daimler v EUIPO (ROAD EFFICIENCY) (T-749/18)). Therefore, the mark would not be perceived as an indication of the origin of the goods and services in question and this basis was also rejected.

In addition, the Court noted that under Article 263 TFEU it had no jurisdiction to issue directions to the institutions, bodies, offices and agencies of the European Union and therefore it followed that this head of claim was rejected due to lack of jurisdiction.

### *Claim in Law 2 - Alleged Infringement of Article 7(1)(b) of Regulation 2017/1001*

Daimler asserted that the mark is not directly descriptive of the goods and services in respect of which registration was sought because its figurative elements are sufficient to confer on that mark a distinctive character that makes it possible to distinguish those goods and services of those from other undertakings.

The Court noted that since Article 7(1) of Regulation 2017/1001 makes it clear that, for a sign to be ineligible for registration as an EU trade mark, it is sufficient that one of the absolute grounds for refusal listed in that provision applies. Therefore it was not necessary to examine the merits of the second plea in law relied on by Daimler.

### Conclusion

The Action was dismissed in its entirety. Each party was ordered to bear its own costs as the EUIPO only asserted that costs should be ordered in the event that a hearing was convened.

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## Distinctiveness – colour marks



**Sarah Husslein**

Senior Associate

[Email](#) | [Visit profile](#)

### Lidl Stiftung v EUIPO<sup>4</sup> - The colour orange

#### General Court 'GC'

In this decision, the General Court had to 1) review whether the EUTM for the sign shown below (the 'ORANGE Mark') constituted a valid graphic representation and 2) assess if the owner had shown acquired distinctiveness of that mark at the relevant dates.

#### 'The ORANGE Mark'



#### Background

In 1998, the company Veuve Clicquot Ponsardin filed an EU trade mark application (the 'Application') for the ORANGE Mark covering "Champagne wines" in class 33. The Application was filed as a 'figurative mark' and the section 'colour claimed', in the application form, contained the following statement: *'protection is claimed for the colour orange for which the scientific definition is as follows: trichromatic coordinates / colour characteristics: x 0.520, y 0.428 – diffuse reflectance 42.3% – dominant wavelength 586.5 nm – excitation purity 0.860 – colorimetric purity: 0.894'*.

After a long process – which is not considered in this review – and various decisions from the EUIPO and the Board of Appeal ('BoA'), the BoA finally held that the applicant had established acquired distinctiveness of the ORANGE Mark through use and the Application proceeded to registration in 2007 (the 'Registration').

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<sup>4</sup> Case T-652/22 Lidl Stiftung & Co. KG v EUIPO, 6 March 2024, General Court)

Lidl Stiftung & Co. KG ('Lidl') filed an application for a declaration of invalidity arguing that the Registration was not represented in accordance with (Article 4 CTMR, i.e. a sign has to be "*capable of being represented graphically*") and lacked distinctiveness (based on Articles 7(1)(b) and 7(3) CTMR). The EUIPO and BoA found that the Registration complied with the requirements of Article 4. Secondly, the BoA also confirmed that the evidence submitted by the owner of the Registration demonstrated that a significant proportion of the relevant public was, at the filing date of the Application, accustomed to the shade of orange as protected by that mark. Therefore, there was no doubt that the Registration had become distinctive through use made of it within the meaning of Article 7(3).

Lidl appealed to the General Court, 'GC'.

### General Court's decision

Lidl had two main arguments.

#### First Lidl Argument

Firstly, Lidl argued that the graphic representation of the ORANGE Mark did not comply with the Sieckmann criteria (CJEU, Case C-273/00), requiring a visual representation to be clear, precise, self-contained, easily accessible, intelligible, durable and objective.

Indeed, Lidl contended that an electronic registry is not durable, clear nor objective. The colour shade can be altered during the scanning process, and the colouring of scanned copies does not correspond identically to that of the original. Therefore, even though the registry might be durable, it is not objective. Furthermore, the description of the ORANGE Mark is not sufficient because it can only be understood by an expert in colorimetry. Finally, there must be a correspondence between the description of the mark and its graphic representation.

However, in this case, the same scientific definition was also included in the description of a French trade mark, the graphic representation of which differs in shade from that produced before the EUIPO (as shown below):



EUTM



French trade  
mark Office

The GC rejected this argument, confirming that the colour sample in itself was enough to meet the condition of Article 4 as it was filed in a digital format, which cannot deteriorate and Lidl's arguments about durability of this sample are purely hypothetical and speculative and call into question the EUIPO's register as a whole. As the requirements of Article 4 are met by the graphic representation of the mark, and are not contradicted by the description provided, it is not necessary to examine whether the latter satisfies the criteria of this Article. The GC reiterated that if a description is included in a EUTM application, this description must be considered **together with** the graphic representation. Finally, the Court rejected the last plea of the first argument, considering that Lidl did not put forth precisely how the graphic representation contradicts the description.

#### Second Lidl Argument

Lidl's second argument related to the evidence submitted by the owner to show that the ORANGE Mark had acquired distinctiveness through use as of its filing date back in 1998. It was common ground that the trade mark lacked inherent distinctiveness and Lidl argued that the evidence for Portugal and Greece was insufficient.

The GC applied the essential principles in reviewing Lidl's arguments:

- First, the owner was required to prove either that the ORANGE Mark had acquired distinctive character prior to the application date, or that it had acquired such character owing to the use that had been made of it between the date of its registration and the date of the application for a declaration of invalidity.
- Secondly, because the ORANGE Mark was devoid of distinctive character across all Member States, acquired distinctiveness should be proved through use throughout the Member States of the European Union.
- Finally, the GC differentiated between primary and secondary evidence. Information on turnover, sales figures, market shares or advertising material are considered to be *secondary evidence* and not enough without *primary evidence* (which includes surveys or market studies and statements from professional bodies or the specialised public).

The decision in relation to this argument is rather factual, but the interesting elements have been summarised here. The GC decided that the owner of the ORANGE Mark only submitted secondary evidence and not the necessary primary evidence. More specifically:

- Statements from the *Comité interprofessionnel du vin de Champagne*, stating that the owner of the mark was the only producer of Champagne wines to use the shade of orange, were insufficient to demonstrate that the relevant public perceives the ORANGE Mark as a trade mark.
- Furthermore, the General Court considered that the BoA did not give enough consideration to explaining how the findings of national Courts in France and Belgium (which confirmed that consumers would perceive the ORANGE Mark as a badge of origin) are relevant for other Member States.

- Press articles or other publications may be regarded as primary evidence, provided that they actually contain indications that the mark in question has become such as to identify the goods concerned as originating from a particular undertaking on the territory concerned – this was not the case in this matter.

Therefore the evidence was either only supporting evidence or did not relate to all the Member States and, in particular, Greece and Portugal. The evidence relating to those two countries were reviewed by the Court and considered as not capable of demonstrating that the public targeted by the goods perceives the ORANGE Mark as an indication of the commercial origin in those territories. The case was remitted back to the BoA in order to assess whether the ORANGE Mark acquired distinctiveness between the registration date and the application for a declaration of invalidity (Art. 51(2) CTMR, Art. 59(2) EUTMR).

An appeal is now pending before the Court of Justice.

### Reflections

This decision is a cautionary reminder that in an invalidation action, the absolute grounds for refusal will be assessed entirely anew, even if the trade mark was registered decades ago and the claim of acquired distinctiveness was once accepted by the EUIPO and the BoA.

If a trade mark registered due to acquired distinctiveness is attacked in an invalidity action, two points in time are relevant for assessing whether the sign acquired distinctiveness: (1) The application date and (2) the filing of the invalidity application. If the owner of the contested trade mark can show acquired distinctiveness on either date, the invalidity application fails. It is therefore advisable to file evidence relating to all relevant time periods if possible.

Finally, this decision highlights the obstacles to obtaining registration of non-traditional trade marks in the European Union and calls into question the possible strength of those rights once registered. Owners of such rights may be cautious when contemplating enforcing these registrations against third parties, out of fear of potentially losing the rights in an invalidity action, particularly if there was possible weakness in their original evidence.

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## Marks contrary to public policy, principles of morality and distinctiveness



**Jérôme Coulonvaux**

Senior Associate

[Email](#) | [Visit profile](#)

### COVIDIOT EU TM Application<sup>5</sup>



An EU Trade Mark Application for a figurative sign composed of the word element “COVIDIOT” and three cones representing a jesters hat was examined by the Grand Board. The Application covered:

**Class 6:** *Metal clips.*

**Class 9:** *Computer gaming software; mobile apps.*

**Class 28:** *Board games; toys.*

The mark had been denied registration under Article 7(1)(f), which excludes from registration, trade marks contrary to public policy or to accepted principles of morality.

The Applicant appealed. Taking into account basic values of civilised society and not granting a monopoly to insulting or threatening trade marks (going against moral norms or mocking the COVID-19 safety measures in the present case), the Grand Board dismissed the appeal, confirming the refusal, recalling that the refusal is a justified limitation of the right of freedom of expression when put in balance with important principles of morality and values to which society adheres.

The Grand Board clarified that whether principles of morality are accepted, depends on the social consensus prevailing in that society and this was to be assessed as at the date of filing. The view was that the trade mark application made light of, and trivialised, the pandemic. The Grand Board also ruled against the trade mark as they considered it could be seen as lacking distinctive character pursuant to Article 7(1)(b) EUTMR. The word element of the sign was found to be a reference to the historical and political event at the time (COVID-19 pandemic) and also to the subject of a game, justifying refusal for educational games in class 28, with the figurative element – a hat – being a possible reference to the toy figurines of this game.

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<sup>5</sup> Case R0260/2021-G EUTM Application No. 18288813

### Likelihood of confusion

### Confusion – similarity of marks



**Jérôme Coulonvaux**

Senior Associate

[Email](#) | [Visit profile](#)

#### **BeReal SAS v BeReal Wear Ltd<sup>6</sup>**

##### **UKIPO**

This case dealt with the appeal of a preliminary decision to strike out a trade mark invalidity application brought by BeReal Wear Limited. It is notable as it forms a piece of a wider dispute between the parties as to BeReal Wear's rights to use the mark "Be Real". The appeal was dismissed with no order for costs.

##### **Background**

This case concerned an appeal in a trade mark dispute between BeReal Wear Limited (the appellant) ("**BRW**") and BeReal SAS (the respondent) ("**BRS**"). BRW applied to register the designation "BeReal" as a trade mark for use in relation to clothing in class 25 on 30 November 2020 and it proceeded to registration on 18 June 2021.

At the filing date of BRW's application, there was an earlier registration for "BE THE REAL" as a trade mark for clothing in class 25. This earlier application was filed on 14 May 2020 and registered on 14 August 2020. On 28 July 2023 the proprietor of this mark, Joseph Andrews, assigned and transferred it in full to Paul Chung, who on the same day assigned and transferred it in full to BRS. BRS proceeded to, as proprietor of this earlier mark, assert it in an invalidity application pursuant to s.5(2) (b) TMA claiming that BRW's trade mark was invalidly registered. In response, BRW filed a form TM26(l) on 6 November 2023 claiming

that the earlier mark should be declared invalid under s.3(6) TMA as it was purchased by BRS for "the sole intention to cause harm to our [BRW's] business and brand".

On 22 November 2023 the Trade Marks Registry gave a preliminary view striking out BRW's s.3(6) TMA application. BRW subsequently requested a hearing which took place on 12 December 2023. The result of this hearing was to uphold the preliminary view. BRW then appealed this decision under s.76 TMA contending that the Hearing Officer's decision should be set aside and its invalidity application allowed to proceed, which is the subject of this judgement. BRW set out a summary of their position prior to the appeal in an email to the judge, Mr Geoffrey Hobbs KC, as follows:

*"This app company is clearly using the gap in the current law that does not prevent the purchase of bad faith trademarks, which has happened in this case. We want to close this gap so no other company can use this gap and set it as an example to prevent bad faith registered trademark purchases, this is not the first time this app company has used such loopholes, from their French lawyer sending us a threatening letter, them placing fake order from France on our website, stalking our social media, using Twitter campaigns to spam us, we have proofs of all their patterns and the proofs only lead to the fact that BE THE REAL trade mark purchase is the continuation of this app company's intention to cause damages and it should be removed immediately from the register. We look forward to the opportunity to close the gap in current trademark law so no other company with ill intentions can use this gap to cause damages to any other business."*

##### **Judgement**

BRW reiterated its position in oral submissions to the effect that BRS is improperly and abusively relying on the earlier trade mark BE THE REAL by taking advantage of the fact

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<sup>6</sup> O/1156/23, BeReal v BeReal Wear Ltd, UK IPO, 5th December 2023

that the law covers registration of trade marks in bad faith, but not purchased in bad faith by another party after a trade mark is fully registered.

Firstly, Mr Hobbs KC had the following four observations regarding the BE THE REAL trade mark:

1. It was not possible at the filing date of BRW's trade mark application, and it remained so at the time of the appeal, for BRW to apply for revocation of that trade mark for lack of use pursuant to s.46 Trade Marks Act 1994 ("**TMA**");
2. There was no evidence at the time of the appeal to suggest that this earlier trade mark had been originally invalidly registered under s.3(6) TMA for having been registered pursuant to an application for registration filed in bad faith;
3. At the time of the appeal there was no evidence to suggest that BRW was the proprietor of any right capable of supporting an invalidity claim for the earlier mark under s.5 TMA; and
4. There was no evidence at the time of the appeal that determined whether BRW filed in knowledge of the existence of the earlier trade mark.

Secondly, Mr Hobbs KC set out why the appeal could not succeed and must be rejected. Sky Plc v SkyKick (UK) Ltd was cited as settled case law that the grounds on which the registration of a trade mark can be declared invalid are exhaustively stated in the Trade Marks Act 1994. Mr Hobbs KC noted that BRW's claim specifically relied on s.3(6) TMA and so could only succeed if the original application for registration was shown to have been made in bad faith. Therefore, the form TM26(l) must be struck out, as the registration was concededly not made in bad faith and there were no other grounds on which invalidity could be claimed on the basis of BRW's allegations.

Thirdly, Mr Hobbs KC had the following comments regarding any future applications BRW chose to pursue. He noted that the Registrar has an inherent power to strike out Registry proceedings in whole and in part on the basis that they involve or amount to an improper and abusive assertion of the rights conferred by registration of a trade mark. He drew attention to the case law relating to Article 3(2) of the Enforcement Directive (Directive 2004/48/EC) that specifies that measures, procedures and remedies for the enforcement of intellectual property rights should be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide safeguards against their abuse.

Mr Hobbs KC also opined that, on the limited information available at the hearing, the claim for invalidity made by BRS against BRW's trade mark was no less lawful and legitimate for BRS to pursue than it would have been for the original proprietor prior to the date of transfer, but that was as far as he was willing to determine on the submissions put before him.

## Conclusion

The decision made on 15 December 2023 was therefore upheld and the hearing dismissed with no order for costs.

## Reflections

This case means that the acquisition of a trade mark to improve a party's position in a dispute, (for example if a trade mark registration acquired by Party A predates Party B's rights and gives Party A new grounds to challenge Party B), this remains a legitimate tactic and one which BRW was unable to challenge in this case.

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**Jessica des Landes**

Trainee Trade Mark Attorney

[Email](#) | [Visit profile](#)

### Azalee Cosmetics v EUIPO<sup>7</sup>

#### General Court



#### Background

Azalee Cosmetics (AC) sought to register an EU trade mark for the above device mark in classes 3, 21, 25, and 44. L'Oréal (UK) Ltd opposed the application based on its rights in an earlier mark for "LIBRE" in class 3, and was successful in blocking AC's registration across all classes. AC was unsuccessful in challenging the EUIPO's decision before the EUIPO Board of Appeal (BoA), and later appealed to the General Court (GC) which upheld the BoA's decision.

#### Decision

The GC agreed with the BoA's analysis that the relevant public was the general public, who pays an average level of attention to everyday beauty and cosmetic products. The rationale being that luxury goods and services with higher price tags necessarily command higher levels of attention, but the goods and services at issue here were not luxury.

The goods and services covered by AC's application were upheld as identical or complementary to those covered by L'Oréal's earlier mark, ranging from a low to an average degree. Even goods and services falling outside the classes covered by L'Oréal's existing mark (i.e. those in classes 21, 25, and 44) were deemed similar to L'Oréal's goods in class 3 due to their complementary nature, e.g. "cosmetic utensils" in class 21 were found to be complementary to "cosmetic products" in class 3.

The GC identified "libre" as the distinctive element of AC's mark, noting that "la crème" lacked distinctiveness. Despite the inverted form of "libre" in AC's device mark, the signs were deemed visually, phonetically, and conceptually similar, at least to a low degree. The GC rejected AC's argument that L'Oréal's LIBRE mark lacked distinctiveness, citing its registration across various jurisdictions in justification of its distinctiveness. The GC thus confirmed the BoA's holding that there was a likelihood of confusion on the part of the relevant French public, and dismissed the appeal.

AC's consumer survey, intended to challenge the finding of a likelihood of confusion, was dismissed for failing to replicate real-world conditions and for providing participants with insufficient context about the marks.

#### Reflections

This decision underlines the importance of rigorously designed surveys to demonstrate or refute a likelihood of confusion. Surveys must replicate real-world conditions under which the public encounters the marks; failure to do so significantly reduces their evidentiary value. The decision also highlights the weight courts place on marketplace presence over the quantity of identical or similar registrations on trade mark registers when assessing distinctiveness.

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<sup>7</sup> Azalee Cosmetics v EUIPO, 2024, General Court (European Union), Case T-765/22

**Kyrana Hulstein**

Associate

[Email](#) | [Visit profile](#)**HALLOUMI vs. GRILLOUMI<sup>8</sup>**

In July 2024, Mr Mitcheson KC (sitting as Deputy High Court Judge) heard an appeal against the Trade Mark Registry's decision to dismiss oppositions brought by the Foundation for the Protection of the Traditional Cheese of Cyprus Named Halloumi (the "**Foundation**") against applications for GRILLOUMI and GRILLOUMAKI made by Fontana Food AB ("**Fontana**").

The Foundation owns a collective mark for HALLOUMI in class 29 for "*cheese*". Unlike geographical indications or protected designations of origin, which protect names linked to specific regions or production methods, a collective mark indicates that goods or services originate from members of a trade association.

First, the Foundation criticised the Hearing Officer's assessment of GRILLOUMI under section 5(2) of the Trade Marks Act 1994 ("the Act"). In particular, the Hearing Officer had found that:

- The average consumer comprised trade consumers and members of the general public, who paid a medium level of attention.
- The goods covered by the application, "*services for providing food and drink; coffee-shop services; restaurants*" were dissimilar to those covered by the earlier registration, being "*cheese*". Alternatively, there was a low degree of similarity between them.
- There was no likelihood of confusion, even if the goods and services were similar to a low degree.

The Foundation argued that there could be a link between a restaurant and the cheese it serves, e.g. in the context of a food truck serving grilled halloumi or a farm-to-table restaurant. The Judge agreed, although he noted that this was unusual and most consumers would not choose a restaurant over a supermarket when they fancy cheese. Therefore, the Judge agreed with the Hearing Officer's secondary position that there was a low degree of similarity between the goods and services on account of shared trade channels and complementarity. This finding was supported by the General Court's decision in Case T555/19 relating to the equivalent EU application.

The Foundation also argued that it would have been impossible for the Hearing Officer to reach a fair conclusion on likelihood of confusion on the basis of a low degree of similarity between the goods and services, having first concluded that there was no confusion because the goods and services were dissimilar. The Judge promptly rejected this argument, noting that there were no inconsistencies in the Hearing Officer's primary findings which would have affected the validity of her secondary findings. The Judge also dismissed the Foundation's argument that the Hearing Officer should have taken into account Fontana's intention to allude to HALLOUMI.

<sup>8</sup> Foundation for the Protection of the Traditional Cheese of Cyprus Named Halloumi v Fontana Food AB [2024] EWHC 2311 (Ch)

Finally, the Foundation argued that the Hearing Officer had incorrectly assessed the likelihood of indirect confusion, given the suggestion promoted by the portmanteau term GRILLOUMI. The Judge noted that this was a difficult point, but ultimately the Hearing Officer had been right. The difficulty arises from the widespread use of “halloumi” as a descriptive term to refer to a type of cheese, rather than as cheese coming from a member of the Foundation. However, the relevant test under section 5(2) of the Act is not whether the use of GRILLOUMI calls to mind halloumi cheese per se, but whether use of GRILLOUMI creates a risk that the public might believe that the goods and services covered by the mark originate from members of the Foundation. Ultimately, any link to HALLOUMI in the trade mark sense was too weak to conclude that the services being offered under the application mark were provided by a member of the Foundation.

The Judge also found no inconsistency between this conclusion and the Hearing Officer’s finding under section 5(3) of the Act that GRILLOUMI is likely to bring HALLOUMI to mind, as a “bringing to mind” is insufficient for a finding of likelihood of indirect confusion.

The Hearing Officer had found that the marks HALLOUMI and GRILLOUMAKI were visually and aurally similar to a low degree and conceptually dissimilar or neutral. The Foundation criticised this finding on the basis that “(m)aki” would be understood by the average consumer to be a diminutive and therefore ignored. However, the Judge found that the Foundation had not established that a sufficiently large proportion of average consumers understood Greek. As a result, the Judge also held that there was no basis on which to criticise the Hearing Officer’s overall conclusion that there was no likelihood of confusion because the marks were too dissimilar (even for identical goods). The

Judge did not engage with the Foundation’s criticism of the Hearing Officer’s analysis of the similarity of the goods and services.

### Appeal under section 5(3) of the Act

The Judge agreed with the Hearing Officer’s finding that HALLOUMI had no reputation among the general public as a collective trade mark, and only a small-to-reasonable reputation among trade consumers. This again highlights that “halloumi” is predominantly used as a descriptive term. As a result, the Hearing Officer was correct to find that the reputation and distinctiveness of the HALLOUMI mark was insufficient to give rise to an unfair advantage.

### Respondent’s Notice

Fontana filed a notice attacking the Foundation’s use of the HALLOUMI mark. Although the Judge was not required to address this point, he provided a brief summary of his views. In short, notwithstanding the high levels of sales of halloumi cheese in the UK during the relevant period, the Judge found that marketing spend by the Foundation was modest and it was unclear whether the content promoted membership of the Foundation or merely the characteristics of halloumi cheese. Nevertheless, the Judge agreed with the Hearing Officer’s finding that there had been at least some genuine use of the mark, although he noted that the evidence, in the form of ads in Eleftheria newspaper, Speciality Magazine and The Grocer, was “*thin in the extreme*”.

### Conclusion

The Judge dismissed the appeals and upheld the Hearing Officer’s decision to allow Fontana’s marks to proceed to registration.

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**Saaaira Gill**

Senior Associate

[Email](#) | [Visit profile](#)**L'Oréal v EUIPO and Samar't Pharma<sup>9</sup>**

**BI**  
blue  
pigment

Application Mark

**Bi.cell**

Earlier Mark**Background**

L'Oréal applied to register the above 'BI blue pigment' figurative sign as an EU trade mark for "*Hair preparations and treatments; Hair care preparations not for medical purposes; preparations for setting hair; hair coloring preparations; hair lighteners*" in class 3. Samar't Pharma, SL filed an opposition on the basis of their EU registration for the figurative mark 'Bi.cell' registered in respect of "*Perfumery; Cosmetics; Essential oils; Hair lotion; Toiletries; Cleaning preparations for personal use; Beauty care cosmetics; Cosmetic masks; Beauty lotions; Cosmetic hair dressing preparations; Soaps; Dentifrices*" in class 3. The opposition was upheld by the Opposition Division and an appeal by L'Oréal was dismissed by the Board of Appeal. L'Oréal appealed to the General Court, alleging that the Board did not carry out an overall examination of the marks at issue, and did not assess the likelihood of confusion globally.

**Decision of the General Court**

The goods at issue were aimed at the general public with an average level of attention. The relevant public were found to be the English-speaking part of the EU.

The Court considered the dominant and distinctive character of the marks at issue. It noted that the Board had not identified any dominant elements in the earlier mark and had considered the expression "blue pigment" in the later mark to be secondary (but not negligible) in relation to the dominant element bi. The Court also noted that the Board had been correct to find that the element "bi" retains an independent role in the earlier mark, particularly given that the public might be inclined to separate the mark into two word elements due to the full stop. The Court confirmed that the Board had not erred in finding that a non-negligible part of the relevant public might perceive the first element of the application mark to be the letters 'b' and 'i' in uppercase (as opposed to B and L).

With regard to the visual comparison, the Court confirmed that the Board was correct to find that the common element "bi" was sufficient for the marks to have below-average visual similarity. Regarding the phonetic similarity, the Court noted that it cannot be ruled out that the relevant public will pronounce the earlier mark in its entirety. However, that does not rule out the phonetic similarity which results from the first element in the marks being the same. Accordingly, the Board was correct to find that the marks have below average phonetic similarity. Turning to the conceptual similarity, the Court considered that due to the descriptive characteristic of the element 'blue pigment' in the application mark, it may be concluded that the relevant public will not tend to remember it. The element 'bi' retains an independent role in the earlier mark, and in the application mark, since it constitutes the dominant element, it may have the effect of making the two marks

<sup>9</sup> L'Oréal v EUIPO and Samar't Pharma, SL Case T-180/23 General Court  
21 February 2024

conceptually closer. The differences resulting from the elements ‘cell’ and ‘blue pigment’ do not rule out the existence of a low degree of conceptual similarity.

Finally, with regard to the assessment of a likelihood of confusion, the court noted that the goods concerned are primarily perceived visually and that in the cosmetics and hair care sector, the use of sub-brands is frequent. Taking the view that the consumer would perceive the element ‘bi’ as being visually separated from the other elements, the Court confirmed that it is conceivable that the relevant public may regard the goods covered by the marks as belonging to two distinct lines of goods, but nevertheless coming from the same undertaking. The differences between the marks did not rule out a likelihood of confusion. The appeal was therefore dismissed.

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### Confusion – similarity of goods



**Dhara Reddy**

Associate

[Email](#) | [Visit profile](#)

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## Puma SE v EUIPO<sup>10</sup>

### Background

In 2020, Puma SE, the famous sportswear brand, contested the registration of a trade mark that incorporated the term “Puma.” The contested application was for a stylised mark for “Puma soundproofing” to be registered in classes 10 and 17 for soundproofing equipment and materials, amongst others.



#### Earlier trade mark

#### Contested sign

Puma argued that the Applicant’s mark infringed its existing trade mark for “Puma” in class 25 for clothing, under Article 8(5) of the EU Trade Mark Regulation (EUTMR). Puma argued that this was liable to take unfair advantage and dilute the distinctiveness of its earlier mark.

Puma’s opposition succeeded at first instance for class 10 goods but failed in class 17. Puma appealed against this decision but the Board of Appeal also found that due to the radical differences in the goods, no link could be established between the marks as is required under Article 8(5). Even if a link could be established, the Board found that there was no evidence to show that the contested sign would take unfair advantage of the earlier mark’s reputation.

### The General Court’s decision

On appeal to the General Court, Puma argued that, for marks benefitting from such a large reputation, the case law does not require proof of the existence of a mental link to be made between the marks at issue. Further, they argued that in any case, a mental link should be assumed, even where the goods and services are completely different. Puma emphasized its long-standing global reputation and argued that the use of “Puma” in any domain, even unrelated ones, could mislead consumers into believing there was an association or endorsement by Puma.

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<sup>10</sup> Puma SE v EUIPO, [2024], T-266/23, 25 January 2024

The General Court rejected Puma's appeal. It referred to the leading authority from *Intel*<sup>11</sup>, which set out that the existence of a link between marks is a global assessment taking into account all factors relevant to the case. This would include, similarities between the marks, the goods and services, the earlier mark's reputation and any existence of a likelihood of confusion. The Court did not dispute that Puma's earlier mark had a high degree of reputation and the marks themselves were highly similar. However, when assessing if a link might be formed in the minds of consumers, it is also relevant to consider the proximity of the goods and services. In this specific case, the General Court agreed with the Board that the goods were extremely different, they were also sold in completely different outlets and targeted different consumers. Taking account of the "*enormous dissimilarity between the goods and markets concerned*", the Court concluded that a link would not be formed between the marks.

Puma has since appealed the decision, elevating the matter to the European Court of Justice. It will be interesting to see if the CJEU agrees with the General Court or perhaps takes a different position.

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## Genuine use/similarity of Goods



**Jessica des Landes**

Trainee Trade Mark Attorney

[Email](#) | [Visit profile](#)

## Adidas AG v Acer Incorporated<sup>12</sup>

# PREDATOR

### EUIPO Opposition Division

#### Background

Adidas opposed Acer's application to register a figurative device mark for PREDATOR in classes 9 and 28, citing its rights in various earlier PREDATOR word marks. The opposition targeted goods in class 28, being sports equipment and related articles. However, most of Adidas' earlier PREDATOR marks were more than five years old, requiring proof of use (except for the Bulgarian and Spanish designations of IR No. 602197), therefore, Adidas needed to show use for goods in classes 18, 25, and 28 in order to support their opposition.

The Opposition Division (OD) found that Adidas provided adequate evidence only in respect of "sports bags" and "rucksacks" in class 18, and "sportswear" and "football shoes" in class 25, under its German mark. For Benelux, the evidence submitted, which consisted of a solitary article written in Dutch, two invoices for minimal quantities of 'Predator' goods, and a few screenshots of webpages – was deemed insufficient.

<sup>11</sup> Intel Corp Inc v CPM United Kingdom Ltd, [2007], EWCA Civ 431, 15 May 2007

<sup>12</sup> Adidas AG v Acer Incorporated, 2023, EUIPO Opposition Division, Opposition No. B 3 154 811

No further evidence or explanations were submitted for Adidas' other PREDATOR registrations, so the opposition proceeded on the basis of Adidas' rights in its German PREDATOR mark (for classes 18 and 25 only, where use was shown), and the IR designations for Bulgaria and Spain, where proof of use was not required.

### Decision

Adidas' plain word marks for PREDATOR were deemed visually highly similar and aurally and conceptually identical to Acer's stylised mark.

For class 28 goods like skis, golf clubs, and skateboards, the OD found a low similarity to Adidas' class 25 goods (e.g., clothing, sportswear). Factors such as shared manufacturing locations, distribution channels, and retail environments supported this conclusion. No similarity was found between Adidas' goods in classes 18 and 25 and the stationary exercise bicycles and related items that Acer's application sought to cover. The OD considered that such goods would typically originate from different undertakings, and Adidas failed to prove otherwise.

Whilst it is conceivable that some of the contested goods might share retail spaces with Adidas' products under its PREDATOR marks, proximity alone was found to be insufficient to establish similarity – without other connections such as shared production or distribution channels. The OD considered it a well-established commercial practice for a department store, or other large retail space, to offer for sale sports clothing, sports articles, and related accessories together in the same space. Thus, broadly targeting the same public was found not to be a significant factor in assessing the similarity of goods.

The OD ultimately concluded that the high similarity between the marks offset the low similarity between some of the goods, leading to the rejection of the Acer's application in respect of those low similarity goods. However, Adidas' opposition failed in respect of goods found to be dissimilar, such as the sports exercise machines.

### Reflections

This decision highlights the critical role of evidence in trade mark oppositions. Adidas' failure to adequately substantiate the use of its broader PREDATOR portfolio likely cost it a stronger position, on the basis that its other rights – for which no or insufficient evidence was provided – covered gymnastic and sporting articles in class 28, goods which had the potential to secure a broader rejection of Acer's goods in the same class.

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**Kyrana Hulstein**

Associate

[Email](#) | [Visit profile](#)

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## Extreme Networks Limited v Extreme E Limited [2024]<sup>13</sup>

### UKIPO

#### Background

In 2019, Extreme E Ltd (**"the Applicant"**) applied to register a device mark featuring the word EXTREME across multiple classes (**"the Application"**). Extreme Networks Ltd (**"the Opponent"**) opposed the Application under section 5(2)(b) of the Trade Marks Act 1994 (**"the Act"**), arguing a likelihood of confusion with its earlier registration for a device mark which also includes the word EXTREME, registered in classes 41 and 43 (**"the Earlier Mark"**).

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<sup>13</sup> Extreme Networks Limited v Extreme E Limited [2024] EWCA Civ 1386

The Hearing Officer upheld the opposition for some services in class 41 and all services in class 43, but dismissed it for other services in class 41. The Applicant appealed to the High Court, arguing among other things that the Hearing Officer had wrongly found certain class 41 services to be similar. Holgate J allowed this appeal, but dismissed the other grounds, resulting in the opposition failing for class 41 services. The Opponent appealed, and the Court of Appeal, led by Arnold LJ, reinstated the Hearing Officer's original decision.



The Applicant's Mark



The Opponent's  
Earlier Mark

Arnold LJ stated that he granted the Opponent permission to appeal because the appeal raised significant points of principle regarding the proper approach to assessing of similarity of services and the correct approach to appeals in situations where the Hearing Officer's reasoning is highly compressed.

The Opponent's primary argument was that the High Court had not been justified in interfering with the Hearing Officer's decision, as she had not made errors of law or principle in her assessment.

Arnold LJ noted that the Hearing Officer had undertaken a multifactorial evaluation, so the Court could only intervene if she had erred in law or in principle. Arnold LJ added that it was unsurprising that the Hearing Officer did not refer to specific authorities regarding the interpretation of the services and that her reasoning was highly compressed, given the Hearing Officer's extensive experience in the field and the routine nature of the exercise.

## Non-sporting services in the Application

The Applicant argued that the term "*booking of seats for shows*" in class 41 of the Earlier Mark referred to the specific service of booking seats for the shows of third parties, as opposed to a show organiser offering tickets itself. Furthermore, the Hearing Officer had been wrong to find that "*booking of seats for shows*" was similar to a medium degree to "*cultural activities; organization of ... cultural events and activities; organization of exhibitions for cultural and educational purposes*" (which it was agreed included organising theatre shows). The Applicant argued that the sale of tickets by the organiser of a show is incidental to the core activity of organising a show. The Judge agreed, finding no material overlap between the services in question.

Arnold LJ disagreed for the following reasons:

1. Firstly, the distinction between core and incidental services was irrelevant when assessing similarity and the Judge's reference to the absence of a "material overlap" between the services effectively applied a test of identity, rather than similarity. Furthermore, the Judge failed to consider the factors in *Canon* or *TREAT*.
2. Secondly, the Hearing Officer did not err in principle in finding the services complementary. It was open to the Hearing Officer to conclude that the service of booking of seats for shows provided by an agency is closely connected with the organisation of theatrical shows because one is important, if not indispensable, to the use of the other. Additionally, the Hearing Officer was justified in finding that consumers might believe the same entity responsible for providing both services. Arnold LJ highlighted how Live Nation Entertainment both sells tickets for third party events through its subsidiary Ticketmaster and owns and operates entertainment venues itself.

3. Thirdly, the Hearing Officer’s findings of an overlap in users and the complementary nature of the services provided a sufficient basis for her conclusion that the services were similar to some degree. Even if the degree of similarity had been lower, it still would have required an assessment of likelihood of confusion.

As a result, Arnold LJ found that the Hearing Officer had made no error of principle in finding that *“cultural activities; organization of ... cultural events and activities; organization of exhibitions for cultural and educational purposes”* were similar to *“booking of seats for shows”*. The same conclusion applied to the Hearing Officer’s finding concerning *“organization and conducting of award ceremonies and gala ceremonies for entertainment purposes”*.

### The sport-related services in the Application

The Applicant’s second argument was that *“organization of sporting events and activities”* and *“organization of motor vehicle races; entertainment in the form of live shows and events relating to motoring and motor vehicles; organization of real or virtual sports competitions, particularly mechanical sports competitions”* were even further removed from *“booking of seats for shows”* because sports-based events are not *“shows”* and do not necessarily have seats. Although the Judge accepted both submissions, Arnold LJ disagreed.

Given the Judge’s finding that *“shows”* would include *“shows of all kind whether inside ... or outside”* and *“a display or exhibition or a spectacle or entertainment of some kind”*, Arnold LJ thought it hard to see why this would not include a sporting event such as a motor vehicle race. This was especially so considering the services included *“entertainment in the form of live shows and events...”* (emphasis added). Arnold LJ also disagreed with the relevance of the Judge’s finding that sporting events do not necessarily involve the use of seats. As seats are available for watching most sporting events and they are usually bookable, the Hearing Officer made no error of principle in finding that the services in question were similar to *“booking of seats for shows”*.

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## Reputation



**Kyrana Hulstein**

Associate

[Email](#) | [Visit profile](#)



**Louis Vuitton's Monogram mark**

## Louis Vuitton Malletier v Qingjian Fu<sup>14</sup>

### EUIPO

Louis Vuitton triumphs in trade mark dispute over Monogram mark

### Background

On 4 October 2024, the Opposition Division of the EUIPO upheld an opposition brought by Louis Vuitton against a trade mark application by Qingjian Fu and rejected the application in its entirety.

Louis Vuitton, founded in 1854, is a luxury fashion house known for its iconic Monogram brand, which features the interlocking "LV" initials alongside floral motifs. In June 2023, Qingjian Fu applied to register an EU trade mark for a similar pattern, consisting of the repetition of the letters "BR" enclosed in a circle alongside floral motifs. Louis Vuitton opposed the application, claiming that it would take unfair advantage of, or be detrimental to, the distinctive character or the repute of its Monogram mark.



**Qingjian Fu's application mark**

The EUIPO began by examining whether Louis Vuitton's Monogram mark had acquired a reputation. Considering the brand's consistent use of the mark for more than 15 years, its extensive advertising efforts, involvement in and sponsorship of high-profile international sports events, and numerous press articles referring to the Monogram mark as a "universal icon" or "iconic", the EUIPO concluded that the mark has a certain reputation at least in Italy and France, and at least for "bags" in class 18.

The EUIPO then analysed the similarity between the Monogram mark and the contested mark. Visually, both signs incorporate repeated elements resembling flowers and stars, but differences include the specific shape of the ends of these elements, the presence of different letters in the signs and the fact that the letters in the contested sign are embedded in circles, flowers and stars. Despite these differences, the overall structure of the marks, consisting in the repetition of flowers, stars and letters, led the EUIPO to find them visually similar to a low degree. Aurally, the marks were deemed dissimilar, and conceptually, they were found only similar to a low degree as the shared elements of stars and flowers were considered non-distinctive.

<sup>14</sup> Louis Vuitton Malletier v. Qingjian Fu, Opposition No. B 3 198 676 (EUIPO).  
14 October 2024

The EUIPO determined that a link existed between the marks, noting in particular the similarity in the structure of the signs and the overlap between the contested goods and those for which the Monogram mark enjoys a reputation. As a result, when encountering the contested mark, the relevant consumers in Italy and France would be likely to associate it with the Monogram mark.

Finally, the EUIPO held that use of the contested mark was highly likely to result in free-riding, given the Monogram mark's reputation, the similarities between the marks, and the overlap in goods. As a result, the EUIPO did not assess the applicability of the other types of injury. It determined that the opposition was well-founded and rejected the application in its entirety.

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### Invalidity



**[Tim Heaps](#)**

Senior Associate

[Email](#) | [Visit profile](#)

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### Engineer.AI v Appy Pie<sup>15</sup>

#### IPEC

In June 2024, the IPEC held that a supplier of app-building software did not infringe various registered trade marks incorporating the word “Builder” by using an identical word on its website and in a LinkedIn post. The court also found that the marks relied on should be partially invalidated.

The judgment illustrates, among other things, the importance of selecting distinctive brand names in the rapidly evolving field of AI software, providing confirmation that the inclusion of “.AI” will not be considered distinctive or save otherwise descriptive marks such as ‘Builder’.

#### Background





Both parties are ‘code-free’ application development platforms, which allow users to create apps without having to carry out coding.

The Claimant, “Engineer.AI”, provides ‘composable’ software services, whereby the user specifies elements and functionality and the Engineer.AI platform builds the app for them. The Defendants, together “Appy Pie”, provide a ‘drag and drop’ style app development product, which enables the user to select the components that they wish to include to build the app on their own.

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<sup>15</sup> [2024] EWHC 1430 (IPEC), 19 June 2024

The Claimant was the owner of various word and figurative trade marks, all of which incorporated the word 'Builder' and covered software-related goods and services in classes 9 and 42, as follows:

Word Marks	Figurative Marks (also registered in black and white)
<u>BUILDER</u>	
<u>BUILDER.AI</u>	
<u>BUILDER</u>	
<u>STUDIO PRO</u>	

### **Infringement claims**

The Claimant alleged infringement by the Defendants of certain marks in two separate categories, namely:

#### **Category 1**

Broadly speaking, this category related to the Defendants' use of the word 'Builder' (with a capital 'B') on its website in conjunction with another word to describe its various products including, for example 'App Builder', 'Website Builder' and 'Chatbot Builder'.

The Claimant contended that the use of the capitalised 'B' showed the use of 'Builder' was not descriptive and was instead being used to indicate a product name, in a manner that constituted an infringement under both s.10(2) and s.10(3) TMA.

In doing so, the Claimant argued that its various BUILDER marks constituted a 'family' of trade marks and that the use of BUILDER in conjunction with one or more descriptive words in the field of computer software would be perceived as one of the family of marks owned by the Claimant.

#### **Category 2**

This category related to the Defendants use of the term "Builder.AI" in a video posted on LinkedIn, with the Claimant alleging it constituted an infringement under s.10(1) and s.10(3) TMA on the basis that, among other things, the post was targeted at consumers in the UK and constituted a non-compliant comparative advert under the BPRs<sup>16</sup>.

#### **Defence & Counterclaim**

In relation to the Category 1 infringement, the Defendants pleaded that the Claimant had always traded under the name 'Builder.ai' (never 'Builder' solus) and denied that the public would be likely to recognise 'Builder' as a trade mark in any case on the basis it is generic and descriptive. They further rejected the contention that 'Builder' would be perceived as the Claimant's house brand for a family of marks.

In relation to the Category 2 infringement, the Defendants denied that the LinkedIn post was targeted at the UK and further denied that the video in the post could be characterised as advertising at all, let alone a misleading comparative advert on the basis it did not denigrate the Claimant's product.

The Defendants separately counterclaimed for invalidity of the Claimant's trade marks in respect of certain goods and services in classes 9 and 42, which it submitted were purely descriptive or highly allusive of those goods and services. The Claimant denied the counterclaim on the grounds that the marks relied on were inherently distinctive and/or had acquired distinctive character by the date

<sup>16</sup> Business Protection from Misleading Marketing Regulations 2008

of their registration or alternatively had done so before the date of the counterclaim so were not liable to invalidation under s.47(1) TMA.

### Judgment

Dealing with the counterclaim first, the judge held that BUILDER is a descriptive term used widely and interchangeably in the software industry as a tool for creating or developing software - whether or not accompanied by a further descriptive term. Accordingly, the average consumer would immediately perceive the BUILDER mark as descriptive and, as such, inherently unable to identify the goods and services for which the BUILDER trade mark was registered.

With regard to the figurative 'Builder' mark (and other figurative marks for 'Builder NOW' and 'Builder CLOUD'), the judge added that the weak level of stylisation and blocked-in 'B' was not memorable and concluded those marks to also be descriptive and non-distinctive.

With respect to the 'Builder.ai' word and figurative marks, again the judge considered these to be descriptive. The only difference between these marks and the Builder marks was the '.ai' element. In the judge's view, in the context of the software industry at the time of the registration of the marks (i.e. December 2021), the average consumer would likely have been aware *"that 'ai' was short for artificial intelligence... and that it was an adjective for anything autonomous."*

The judge further concluded that the use of the 'dot' to join the two words would be perceived by the average consumer as an indication of a top-level domain name and not as a phrase, agreeing with the Defendants' submission that the '.ai' element would then be either ignored or considered to be descriptive of a builder tool which utilises artificial intelligence. Both the Builder.ai word and figurative marks were therefore held to be descriptive.

With regard to acquired distinctiveness, the evidence submitted by the Claimant was generally lacking for various reasons. No evidence was adduced at all for certain marks and the evidence that was submitted for other marks either related to use taking place after the relevant date for acquired distinctiveness, or related to events taking place outside of the UK and therefore could not be considered to be targeted at UK consumers.

Accordingly, the judge concluded that the marks relied on by the Claimant were devoid of acquired (as well as inherent) distinctiveness, with the Claimant's argument that the marks should be considered a family of marks also rejected. The marks were therefore held partially invalid for various goods and services, including (among others) software for building computer applications.

As a consequence of the finding of invalidity, both the Category 1 and Category 2 infringement claims were dismissed.

In relation to the Category 2 infringement, the Court dealt briefly with the question of whether the LinkedIn post was targeted at consumers in the UK. Following *Lifestyle Equities*<sup>17</sup>, consideration was given to whether the average UK consumer would perceive the LinkedIn post to be directed at him or her. The judge concluded they would not on the grounds that, as a LinkedIn post, the relevant content was not hosted on a website from which it was possible to purchase goods and also observed that the post included no express intention to solicit custom in the UK. The fact that the content was in English was not in and of itself sufficient to establish targeting of UK consumers, nor was the inclusion of one of seven prices being in pound sterling, since the 6 other prices were in US dollars.

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<sup>17</sup> *Lifestyle Equities CV v Amazon UK Services* [2024] UKSC 8

**Hafsa Babar**

Trainee Solicitor

[Email](#) | [Visit profile](#)

## SLAUGHTER AND THE DOGS Invalidity<sup>18</sup> – Band name

### UKIPO

A cancellation action seeking to invalidate a trade mark registration for a band name succeeded on the basis that no one original band member can claim goodwill.

### Background

English punk rock band “Slaughter and the Dogs” has used its name across the UK since 1975, generating goodwill shared by all band members. Despite a changing line-up of members, no formal arrangement was in place to divide interests in the name.

Vocalist, Wayne Barrett-McGrath (“**the proprietor**”) filed for a trade mark registration in 2018 for the band name (“**the mark**”), covering goods in Class 9, including musical recordings and related items. In response, bass guitarist, Howard Bates, (“**the cancellation applicant**”) sought to cancel the registration under section 47 of the Trade Marks Act 1994 (**TMA**), relying on grounds under section 5(4)(a) of the Act and stating that each band member has acquired an undivided share in the goodwill.

### Decision

The proprietor argued that he was the founder and driving force behind the band, with the cancellation applicant joining later as merely a contracted musician. He stated that all members initially received equal shares of revenue because they were “*teenagers*” and “*knew nothing about royalties, copyrights and songwriting credits*”.

The cancellation applicant maintained that he was an equal founding member of the band, with no knowledge of, or agreement to, any contracted arrangement. He stated that all agreements he signed related to recording and publishing where he held an equal 25% share as one of four original members. The band’s first recording contract which lists the original four band members in equal standing and royalty statements from Decca Records (2014) and Warner Brothers (1989) were provided in support. Based on the evidence, the tribunal concluded that the cancellation applicant was indeed one of the four original members.



Post 1980, the Slaughter and the Dogs’ promoter mentioned that he worked with various iterations of the band. However, the tribunal concluded that there was insufficient evidence to draw any firm conclusions regarding the output or line-up of the band members during this period.

In 2015 and 2016, the original members of Slaughter and The Dogs performed together at two significant events: a sold-out gig in Manchester titled “Back to the Start” and a co-headlining spot at the Rebellion Festival in Blackpool. Both events were actively promoted, with profits shared among the band members.

<sup>18</sup> O/0441/24, Howard Bates v Wayne Barrett-McGrath, UK IPO, 15th May 2024

On goodwill, the Court emphasised that the Slaughter and The Dogs name had significant recognition in relation to the band's live performances and recorded music. The core dispute was over the ownership of this goodwill, as multiple iterations of the band occurred over the years. It was concluded that the goodwill was most closely associated with the "last men standing" from the original line-up in 1980, namely the cancellation applicant, the original guitarist and two additional members. Notably, the court also found that the band name carried "*residual*" goodwill, even after the original line-up ceased performing. This goodwill was "*re-energised*" by the 2015 reunion concert and affirmed the ongoing relevance of the mark. Additionally, the cancellation applicant, having been part of both the original group and subsequent reunions, held an undivided share of the goodwill. Despite the proprietor's claim to individual ownership, the Slaughter and The Dogs name was associated with multiple members and not him alone.

### Reflections

This decision highlights the challenges in protecting band names and the importance of understanding how goodwill is distributed among members, particularly in groups with multiple iterations over time. It also reinforces the principle that no single member can unilaterally claim ownership of a band's legacy without consideration of the collective contributions and rights of all its members.

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### Bad faith



**Krishiv Desai**

Trainee Solicitor

[Email](#) | [Visit profile](#)

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### The Department for Levelling Up, Housing & Communities v The Windrush Foundation<sup>19</sup>

#### UKIPO

This was an opposition to a series of five trade marks granted to the Windrush Foundation by the Department for Levelling Up, Housing & Communities. It is notable as it highlights that for a bad faith opposition to succeed there must be sufficient evidence provided (and a lack of current economic activity is insufficient) and applications made with the intention of using the registration to undermine the interests of the opponent or otherwise as a blocking mechanism may constitute bad faith. The opposition succeeded entirely for four of the five marks and was partially successful in respect of the fifth.

#### Background

This opposition was brought by the Department for Levelling Up, Housing & Communities ("**DLUHC**") against the Windrush Foundation ("**WF**"). WF had applied to register the trade marks "WINDRUSH MONUMENT", "WINDRUSH MEMORIAL", "WINDRUSH75", "WINDRUSH" and "WINDRUSH DAY" throughout the course of 2021 and 2022. The marks were all accepted and published in 2022.

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<sup>19</sup> O/0051/24, The Department for Levelling Up, Housing & Communities v The Windrush Foundation, UK IPO

DLUHC opposed all of these trade marks on the basis of s.3(1)(b) Trade Marks Act 1994 (“TMA”). It also opposed all but WINDRUSH75 on the basis of s.3(6) TMA. In respect of the former, it argued that:

1. The contested marks do not possess distinctive character;
2. The word “WINDRUSH” pertains to the “HMT Empire Windrush”, the name of the ship that brought one of the first groups of post-war Caribbean immigrants to the UK in 1948 and is now in common usage as denoting a period of immigration from the Caribbean to the UK between the arrival of the HMT Empire Windrush on 22 June 1948 and the early 1970s. It claimed that its extensions such as “Windrush generation” are widely understood;
3. Many individuals and entities in the UK including museums, galleries, charities and public interest groups, provide educational services, materials and information about Windrush;
4. The words MONUMENT, MEMORIAL and DAY have ordinary, natural meanings with the first two words indicating a structure or edifice intended to commemorate a notable person, action or event, an object, often large and made of stone, that has been built to honour a famous person or event and a period of 24 hours, respectively;
5. The number “75” is used as it anticipates the 75th anniversary of Windrush which will fall in June 2023;
6. When each mark is considered as a whole, four of them consist of the word WINDRUSH combined with one of the second elements to form a term that describes a monument or memorial commemorating Windrush, the 75th anniversary of Windrush or a day commemorating Windrush;

7. Windrush Day was introduced in June 2018 on the 70th anniversary of the docking of the Empire Windrush;
8. When these marks are used in respect of educational services, they will be viewed as indicating such services that commemorate, or are otherwise a reference to “Windrush”;
9. In respect of the mark WINDRUSH MONUMENT it may also be seen as a reference to the Windrush monument itself that was unveiled at Waterloo Station on Windrush Day 2022;
10. The marks have not acquired distinctive character through use.

In respect of the latter ground DLUHC argued:

1. WF was fully aware of the opponent’s activities when its applications were made and the applications will undermine the interests of the opponent and other third parties;
  2. DLUHC funded and arranged the installation of the National Windrush Monument at London Waterloo Station and announced this in a press release on 15 October 2021. It was unveiled on “Windrush Day” on 22 June 2022. The siting of the monument was objected to by WF (who considered it an “insult” to the Caribbean Community) and it commissioned its own National Windrush Monument. As of the relevant dates WF knew of DLUHC’s plans to install the monument and what it was to be called. The WINDRUSH MONUMENT application and the other contested marks are all part of a pattern of filing intended to disrupt DLUHC’s ability to refer to the monument and to use WINDRUSH and terms incorporating the word WINDRUSH;
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3. In correspondence between the parties WF referred to exclusive rights obtained from the IPO to use of its marks and accordingly no other organisation was allowed to use the marks;
4. There is no reasonable commercial rationale for the extremely broad list of services applied for;
5. DLUHC claims that the contested applications are blocking mechanisms with the intention of preventing the opponent using the terms or obtaining its own protection;
6. The WINDRUSH MONUMENT application falls short of the standards of acceptable commercial behaviour as it is a deliberate attempt to register a mark that is identical to one used by DLUHC;
7. The Windrush Monument is known, interchangeably, as the Windrush Memorial; and
8. All the applications have been filed without an intention to use the marks in respect of the services claimed and are filed as a mechanism to prevent use of the term by third parties.

WF denied the claims made above and a hearing took place on 13 September 2023.

### Decision

The bad faith claims were dealt with first and consisted of two limbs.

1. The first was that the applications made by WF had undermined DLUHC's interests as well as those of third parties because they were functionally blocking mechanisms intended to prevent the use of the marks in issue by DLUHC.

2. The second was that the relevant applications were made with overly broad specifications and there was no intention for the marks in issue to be used in relation to all of the services.

DLUHC provided evidence that as of the relevant dates WF was aware of its plans to fund and arrange the installation of the National Windrush Monument at London Waterloo Station. WF had objected to the location of this monument and had subsequently commissioned its own. It explained in the hearing that it did not wish to prevent others from using the marks in issue, but rather aimed to protect the integrity of the history of the Empire Windrush landing in the UK and the people who came on the ship. WF submitted that they were concerned that DLUHC was among a group of "Windrush revisionists" who intended to change the original Windrush narrative to more closely suit political aims. The Hearing Officer therefore concluded that WF had fundamentally misunderstood the purpose of trade mark law and had fallen short of acceptable commercial standards in filing its applications. The bad faith claim therefore succeeded on the first limb for the marks WINDRUSH, WINDRUSH DAY, WINDRUSH MONUMENT and WINDRUSH MEMORIAL.

DLUHC had also submitted evidence in respect of the second limb of the bad faith claim in case it was unsuccessful on the first limb. It argued that WF's past and current activities had been limited in nature which indicated that it had no intention to use the marks in relation to the range of services covered by the applications. The Hearing Officer separated the services into broad and specific terms. The broad terms included education, entertainment, sporting and cultural activities. The specific services related to industries or professions, such as "adult education services relating to intellectual property", "advisory services relating to publishing" and "advanced driving instruction for drivers of motor cars".

As regarded the broad terms, the Hearing Officer held that neither party had provided sufficient evidence in support of its position. Case law in *Sky v Skykick* sets out that bad faith may be established where there are objective, relevant and consistent indications showing that an applicant had the intention of either undermining the interests of third parties or obtaining an exclusive right for purposes other than those falling within the functions of a trade mark. Here, DLUHC was unable to provide sufficient evidence other than claiming a lack of intention to use a mark (which is alone insufficient to amount to bad faith) and that WF had no economic activity in relation to all of the services at the time. In the absence of evidence, the Hearing Officer held that WF's offerings may change enough over the five-year period such that the broad terms would become a natural extension of its activities. As regarded the specific terms, the Hearing Officer was not convinced that WF would use these services in relation to its future aims and interest, nor that it would use them against DLUHC to protect its future aims and interests. As DLUHC did not provide evidence to substantiate its position, the Hearing Officer relied on WF's declaration of its intention to use the marks that was made on the filing of the applications. The second limb therefore failed in respect of the broad terms and was dismissed in respect of the specific terms.

The lack of distinctiveness claim was analysed next. This claim opposed all of the marks. The Hearing Officer held that the word WINDRUSH was not distinctive in relation to the services that promoted the interests of Caribbean people who arrived on the Empire Windrush or those that arrived in the UK between 1948 and 1971. It should therefore be free for any party to use who wished to celebrate, commemorate and/or remember the events through education, cultural or entertainment services. As all the applications would therefore not be perceived as an indicator of trade origin (as relates to the broad terms) and the specific services were unlikely to be used to promote charitable aims associated with Windrush, the Hearing Officer held that they could be perceived by consumers primarily as an indicator of origin. Therefore, the distinctiveness ground of opposition succeeded as regarded the broad terms only.

### Outcome

The oppositions to the marks WINDRUSH, WINDRUSH MONUMENT, WINDRUSH MEMORIAL and WINDRUSH DAY succeeded in their entirety based on the first limb of DLUHC bad faith claims under s.3(6) TMA. The oppositions failed in respect of the second limb of the bad faith claim and were partially successful in respect of the grounds based upon s.3(1)(b). The opposition to WF's WINDRUSH75 mark (where no section 3(6) ground was relied upon) partially succeeded based upon its section 3(1)(b) ground.

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### Genuine use



**Stephanie Taylor**  
Of Counsel  
[Email](#) | [Visit profile](#)

#### Subway IP LLC v NVK Ltd<sup>20</sup>

The decision relates to a consolidated set of revocation and invalidity proceedings before the UKIPO Hearing Officer. NVK Ltd (“**NVK**”) sought to invalidate Subway IP LLC (“**Subway**”)’s UK registration for SUBWAY CLICK & EAT covering classes 35 and 43 on the basis of NVK’s earlier rights for CLICK EAT and the CLICK-EAT black and white device (shown below). Subway then counterclaimed by filing an invalidity action against NVK’s registration for CLICK EAT for goods and services in classes 9, 35, 38, 39, 42 and 43. Finally, Subway filed non-use actions against NVK’s registrations for their CLICK-EAT (device) marks (shown below).

One of the more interesting points to come out of these cases is one party’s attempt to rely on COVID-19 lockdowns as a justification for non-use.



Dealing firstly with the CLICK EAT registration, the Hearing Officer considered whether Subway’s application to invalidate the mark CLICK EAT should succeed, on the basis of their assertion that it was descriptive of the services covered by the registration and furthermore, was non-distinctive for such services. Subway argued that the mark would simply be interpreted as “*an instruction for the ordering of food online*” and/or indicating “*the ease/simplicity of the operation of goods/services*”, whilst NVK argued that the mark does not consist of a normal term, but a shortened phrase coined by NVK. The Hearing Officer considered that this claim could succeed on the basis that the term CLICK EAT would be likely interpreted as a shortened form of the phrase “CLICK [TO or AND or THEN] EAT” and that the mark is likely to be perceived by consumers as “CLICK, EAT”. As such, the phrase designates the intended purpose of goods and services, i.e. in relation to the online food ordering process. Furthermore, the Hearing Officer considered that the term CLICK EAT was non-distinctive in relation to such services. The invalidation action therefore succeeded in relation to a range of software goods and retail and food delivery services, but the registration was maintained for advertising and related services in class 35, as well as hotel reservation and booking services in class 43.

Turning next to NVK’s claim in relation to Subway’s SUBWAY CLICK & EAT registration, the Hearing Officer considered whether the partially upheld CLICK EAT registration, as well as NVK’s CLICK EAT device, were sufficiently similar to uphold the invalidation claim. On this ground, the Hearing Officer considered that whilst there was some similarity between the marks, none of the remaining services covered by the CLICK EAT mark were sufficiently similar to result in a likelihood of confusion. Turning to the CLICK EAT device, whilst there were overlapping services, the Hearing Officer determined that the marks were only visually similar to

<sup>20</sup> Consolidated Cancellation Proceedings: O/0004/24 - UK Trade Mark Registration No. 918260868 SUBWAY CLICK & EAT and Application 504355 in the name of NVK Ltd to Invalidate the Trade Mark UK Trade Mark Registration No. 3347473 CLICK EAT and Application 504543 in the name of Subway IP LLC to invalidate the Trade Mark, UK Trade Mark Registration Nos. 3124255, 3125681, 3124473 & 3083646 CLICK-EAT (device marks) in the name of NVK Ltd and Applications to revoke the Trade Marks for non-use.

a low degree (on the basis that the SUBWAY and device elements of the respective marks played a large role in the comparison and the respective CLICK EAT wording being held descriptive/non-distinctive for the overlapping services). The conceptual similarity was however held to be medium, on the basis that the respective marks both conveyed the same message of clicking to eat. Here, the Hearing Officer relied on the EXTINCTION REBELLION decision (O/214/22) which noted that when considering conceptual similarity between trade marks, it is appropriate to consider the ordinary meaning that the relevant public would attach to the words which comprise the trade mark at the relevant date – meaning that the ordinary meaning of the word SUBWAY (i.e. an underground transport system) would be relevant in the conceptual analysis. Nevertheless, the Hearing Officer considered that there was no reason to depart from the general guidance that *“a coincidence of an element with a low level of distinctiveness will not usually lead to a likelihood of confusion.”* NVK’s application to invalidate SUBWAY CLICK & EAT therefore failed.

Moving finally to the revocation proceedings, the Hearing Officer assessed the evidence of proof of use filed by NVK to defend the non-use proceedings brought by Subway in relation to a number of its CLICK EAT marks, as well as NVK’s claims that there were proper reasons for non-use of the marks in the relevant period. The evidence was not given much weight by the Hearing Officer, as most was dated outside of the relevant period for proving use and the evidence of bookings made appeared to relate to test bookings and the data was not explained by NVK.

NVK also tried to put forward reasons to explain their non-use of the marks in question.

Firstly, they argued this was owing to a failure of a software company they had used to deliver the necessary software for the services. The Hearing Officer dismissed this as an ordinary commercial difficulty, which could not constitute a proper reason for non-use.

Their second reason was that they had been unable to fully launch their services due to the COVID-19 pandemic – notably because many restaurants had closed during the pandemic and resulting lockdowns. The Hearing Officer noted that the lockdown periods only accounted for nine months of the five year use period and furthermore, whilst physical restaurants were closed during lockdown, the services NVK were providing were a) a restaurant booking service and b) a takeaway food ordering service. On the latter point, the Hearing Officer noted that takeaway food services were not closed during the lockdowns, and most tended to experience growth due to the closure of dine-in restaurant services during this period. Whilst the Hearing Officer noted that lockdowns were obstacles outside of NVK’s control which prevented the offer of restaurant booking services during this period, given the evidence provided across the five year period, this was not sufficient to succeed as a proper reason for non-use and the registrations were cancelled.

As such, it may be that the COVID-19 pandemic and the resulting impact on businesses could be relied on as a proper reason for non-use, but this will be taken into context alongside the other use or non-use of the trade mark by the proprietor over the whole five year period and appears to be unlikely to succeed as an argument on its own.

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**Saaaira Gill**

Senior Associate

[Email](#) | [Visit profile](#)

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### Samsung Electronics Co Ltd v Omega SA<sup>21</sup>



Samsung applied to partially revoke Omega's trade mark registrations for the above marks in respect of all goods in class 14 with the exception of "analogue watches". Both parties filed evidence. Omega's evidence in chief was in the form of a joint witness statement from two legal representatives of The Swatch Group Ltd ("**Swatch Group**"), the parent company of Omega. The case proceeded to a hearing at the UKIPO.

#### Related proceedings

During the course of the revocation proceedings, both parties referenced the High Court proceedings between Samsung and several companies in the Swatch Group, including Omega. The Hearing Officer ("**HO**") noted that the High Court had found Omega's trade marks to be well-known and to have a reputation. However, the HO stated that the finding of reputation was not relevant to the current case and that the evidence submitted by Omega should demonstrate genuine use of the marks at issue in the UK. This is a reminder that having a reputation does not automatically mean you can also fulfil the requirements of genuine use; this must be demonstrated with evidence specific to the case.

#### Criticisms of the evidence

Samsung's pre-hearing skeleton argument contained extensive criticism of Omega's evidence. Omega argued that it was not appropriate for Samsung to raise these issues at such a late stage in the proceedings without formally challenging the evidence. The HO confirmed that it is common for the sufficiency of evidence to be challenged at the hearing stage, and that the onus is on the party submitting evidence to put its best case forward. However, the HO also recognised that unveiling an extensive attack after the evidence rounds had closed had the potential for unfairness.

The HO stated that it would give consideration to Samsung's criticisms, however, there were two criticisms that needed to be addressed.

The first was Samsung's claim that Omega's witnesses were not properly qualified to know the nature of use given that they were part of the legal team rather than the business itself. The HO agreed with Omega's point that it was not appropriate for Samsung to only raise this at the hearing stage. If Samsung had wished to criticise Omega's witnesses then it should have raised this in its evidence, thereby allowing Omega an opportunity to respond by filing evidence in reply.

The second issue related to the evidence at large being discredited by Samsung due to a false statement given by the witnesses, which stated that Omega had shown genuine use for all the goods in the specification during the relevant period. The HO noted that such a claim was not sufficient to discredit the accuracy of Omega's evidence as a whole. Without a direct challenge to the evidence, the HO considered it reasonable to proceed on the basis that Omega's witnesses may have simply believed the evidence to have demonstrated use for all the goods.

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<sup>21</sup> O/1042/23 Samsung Electronics Co Ltd v Omega SA, UKIPO 6 November 2023

### Limitation proposals

Although Samsung had initially requested limitation of Omega's class 14 specification to just "analogue watches", during the course of the proceedings it provided alternative limitations. The HO confirmed that Samsung was entitled to raise arguments regarding the specification limitations, however, it was up to the HO to determine a fair specification on the basis of the evidence submitted by Omega.

### Volume of evidence

The HO noted that whilst Omega's 272 pages of evidence fell within the 300 page limit, there was a significant amount of evidence where several pages of documents were laid out on one page. The HO considered this to be an attempt by Omega to circumvent the page limit without having to seek permission to file evidence in excess. As the Tribunal had not identified the issue, the HO had to consider the evidence in full. Nevertheless the HO did state that Omega's approach was inappropriate and it would be taken into consideration when making a decision on costs. This demonstrates that whilst you may be able to get excess evidence through, it will not be looked at favourably and may affect costs.

### Decision

The HO found that Omega had demonstrated genuine use for watches. They confirmed that the test is that the assessment of a fair specification is focussed on the perception of the average consumer. The HO agreed with Omega that the average consumer would not categorise the goods as "analogue watches" or "watches other than connected watches and smartwatches". Samsung's limitation proposals were therefore rejected. On the basis that the average consumer would refer to the goods for which use had been shown as simply "watches", the HO concluded that Omega could retain "watches" in the specification.

Omega's position was that because it is a large company, any sales associated with the goods it sells must be sufficient to prove genuine use. The HO confirmed that whilst such an inference is not reasonable in all instances, they were more receptive to it when the goods are associated with watches. For example, while the evidence in relation to watch straps was lacking, the HO considered that the sale of watch straps was sufficient to demonstrate genuine use. In making this finding the HO took into account the general cost of Omega watches, which meant the frequency of watch strap replacements would be lower, and that the customer would return to the producer to purchase an authentic watch strap. The HO accordingly found that Omega had demonstrated use in respect of "parts and straps" for watches. Use was also found in respect of "jewellery". Omega had submitted invoices which the HO calculated covered 335 items during the relevant period. Although the sales figures were noted to be low, the goods were reasonably expensive and the HO took the view, based on the evidence as a whole, that Omega had made a genuine attempt to use its mark on jewellery.

The HO found that although an Omega watch had been shown to have extended functionality, this did not make it a "smart watch" but simply "a watch with extended functionality". As Omega's registration specifically covered "*smart watches* with extended functionality" the HO found that use in respect of a watch with extended functionality was insufficient to retain smart watches in the specification. This shows the importance of terminology used in specifications and the need to demonstrate that a mark has in fact been used for the exact goods in the specification.

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**Stephanie Taylor**

Of Counsel

[Email](#) | [Visit profile](#)

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### Easygroup Ltd v Easy Live (Services) Limited et al<sup>22</sup>

#### Background

The Claimant, EasyGroup Ltd (EasyGroup), is part of the well-known “Easy” group of companies, which includes the airline EasyJet. The Court noted that this company has brought various actions against others who use “easy” as part of their trading name. The First Defendant, Easy Live (Services) Limited (EasyLive) provides software for use in auctioneering, and operate an online auction platform on the website “easyliveauction.com” which allows auction houses to broadcast auctions to customers in real time, who can also place bids via the platform. EasyLive uses the signs EASY LIVE and EASY LIVE AUCTION, the company name EASY LIVE (SERVICES) Ltd and the stylised marks shown below (the “EasyLive Signs”).



EasyLive is also the owner of a UK trade mark registration for the series mark “EASY LIVE AUCTION” and “EASYLIVEAUCTION”, covering classes 9, 38 and 42 (the EasyLive Mark). The Court also noted that EasyGroup had brought an action against EasyLive in the past for infringement and applied to invalidate the EasyLive Mark, which had failed – however, this new action was permitted as EasyGroup were now relying on other trade mark registrations.

EasyGroup is the owner of the word marks “easylife” and “Easylife” in class 35, including for advertising and marketing services (the Easylife Word Marks), and the stylised mark shown below (the Easylife Stylised Mark), also registered in class 35 (together, the Easylife Marks). These marks were acquired by EasyGroup from a third party in separate proceedings, who continued to use the marks as a licensee of EasyGroup. EasyGroup then brought these proceedings seeking to rely on their newly acquired registrations.



EasyGroup brought trade mark infringement proceedings under section 10(2) of the Trade Marks Act 1994 (TMA 1994), on the basis that the EasyLive Signs were similar to the Easylife Marks, were being used in relation to services that are identical or similar to those for which the Easylife Marks are registered, and there existed a likelihood of confusion. EasyLive denied infringement and brought their own counterclaim for revocation of the Easylife Stylised Mark.

The Court therefore assessed the position, looking first at the revocation claim. EasyGroup accepted that they had not used the mark in the form it was registered, but instead argued that it had used five signs which qualified as variations under section 46(2), in respect of services which fell within the scope of the registration, including advertising and promotion services. S. 46(2) TMA 1994 holds that use in a form “*differing in elements which do not alter the distinctive character of the mark in the form in which it was registered*” can constitute genuine use of a sign. The Court noted that the mark had been used with a tick device, as well as the plain words EASYLIFE LIFESTYLE SOLUTIONS. On the basis that the variant forms had all used the unaltered word EASYLIFE, which was held to be the distinctive

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<sup>22</sup> Easygroup Ltd v Easy Live (Services) Limited, Achilleas Pavlou Achilleous, Jonathan Richard Dean Burnside [2024] EWHC 2282 (Ch)

and dominant part of the registered mark, the Court held that these variants constituted acceptable use of the mark as registered.

Assessing the nature of the use, whilst there was some discussion between the parties about whether the use of the mark in relation to class 35 advertising services should be deemed to be acceptable, the Court held that, by reference to the decision of **Merck KGaA v Merck Sharp and Dohme Corp [2017] EWCA Civ 1834**, the test was the purpose for which the services were provided. Here, whilst it was possible to describe the service provided by Easylife in narrower terms than those of the registration, the purpose of the service was the same as that provided for under the registration - i.e. providing customers with a means of advertising their goods or services. On this basis, the registration was upheld for the class 35 services.

Turning then to the assessment of the infringement position. The Court held that that the average consumer would see the mark and the signs as having “*at best, a moderate level of similarity*” despite only having one letter difference between them. This was on the basis that the word “easy” is a simple descriptive word that is frequently used both by itself and in combination with other words to form a brand. Further, the Court considered that “easylive” is conceptually very different to “easylife”, which the Court held “*stands by itself – a person can have an easy life*”. “*Easylive*” was said to be “*adjectival in nature. It needs something more and it begs the question – an easy live what?*”. In three of the signs, the Court held that the answer was provided by way of the word “auction”. The fact that the Easylife marks included a tick device was also held to be a point of visual difference between them which would not go unnoticed by the average consumer.

The services covered by the respective marks were held to be identical or highly similar.

However, despite the finding of some similarity between the signs and the identity/similarity of the services, the Court held that there would be no likelihood of confusion between them. This is because the word “easy” is a word which is widely used and capable of being used descriptively, but which has a level of distinctiveness when combined with other words or devices. The Court held that the average consumer may be aware of the EasyGroup’s use of the word easy as a prefix, but would not assume that they had the monopoly on all use of the word. As such, the claim for infringement failed.

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**Angelica Martellato**

Trade Mark Attorney

[Email](#) | [Visit profile](#)

## LABCORE<sup>23</sup>

### General Court

#### Decision on the evidentiary standard required to demonstrate genuine use of an EU trade mark registration.

In its recent decision issued on 24 April 2024, the General Court confirmed that use of a trade mark registration must be proven with evidence revealing a clear connection with the goods and/or services for which the trade mark is registered.

### Background

The dispute involved a trade mark opposition between Dr. Neumann & Kindler GmbH & Co. KG (the “Opponent”) and the Laboratory Corporation of America Holdings (the “Applicant”).

<sup>23</sup> LABCORE Judgment of the General Court of 24 April 2024 – Dr. Neumann & Kindler v EUIPO – Laboratory Corporation of America Holdings (LabCorp) (Case T-674/22)

Back in 2016, the Applicant applied to register an EUTM for “LABCORP” covering goods and services in classes 9, 16, 35, 36, 42, 44 and 45 (the “Application”). Dr. Neumann & Kindler opposed the Application on the grounds of likelihood of confusion with their earlier trade marks for “LABCORE” covering similar goods and services. These trade mark registrations had been registered for more than five years at the time the LABCORP application was filed, and thus the Applicant requested proof of use of these marks. On 4 December 2020, the Opposition Division rejected the opposition on the ground that the Opponent had not demonstrated genuine use of the earlier marks in the European Union during the five-year period preceding the filing date of the Application (‘the relevant period’). On 27 January 2021, the Opponent filed a notice of appeal which was dismissed by the Board of Appeal on the ground that it had not adduced proof of genuine use of the earlier marks during the relevant period. In essence, the Board of Appeal found that the various items of evidence failed to establish either a link between the use of the earlier marks and the goods and services for which they were registered, or the extent of the use of those marks.

### General Court’s Decision

The Opponent appealed the decision to the General Court which went on to dismiss the appeal, confirming that the evidence submitted by Dr. Neumann & Kindler did not demonstrate real and genuine use of the trade marks. Specifically, the evidence did not establish a clear connection between the trade marks and the goods/ services in question. The fact that the trade mark appears on invoices or promotional material is not sufficient if such documents do not show a clear commercial identification associated with the goods or services protected.

### Key Findings on Evidence of Use:

**Affidavits:** The General Court acknowledged that the affidavits were provided by individuals closely linked to the Opponent. Consequently, these statements are generally deemed to be less reliable compared to those from independent third parties. Additionally, the fact that the affiant could be prosecuted under German law for not telling the truth did not automatically enhance their probative value. Affidavits must be corroborated by objective evidence to substantiate claims of genuine use.

**Invoices:** The use of the trade mark as a watermark or as part of an email or website address is not sufficient to establish a relevant connection. Further, the presence of other trade marks in the documents further reduced the chances of identifying “LABCORE” as the indicator of origin.

**Training Documents:** The documents had minimal reference to “LABCORE” and the appearance of other elements further diluted any clear identification of “LABCORE” as a trade mark. Also, the lack of clarity regarding the recipients of the documents undermined their evidentiary value, as there was no proof of their public or commercial use.

**Extracts from Lab Books:** The LABCORE mark only appeared as part of an email address and website address where it does not indicate commercial origin of goods or services.

**Other Evidence:** Any claims about “LABCORE” featuring on business cards or trade fair stands have been dismissed due to a lack of supporting documentation. Finally, references to the ® symbol are insufficient to establish genuine use, as the symbol alone does not prove trade mark use for specific goods or services.

## Reflections

This decision emphasises the importance of presenting strong, clear, and corroborated evidence of trade mark use in EU opposition proceedings. The court determined that the evidence must show that the trade mark is used in its essential function and not as a trade name or ornamental feature. Use must be public, outward-facing, and directed towards creating and maintaining a market presence for the goods and/or services. Lastly, there is strong probative value when the evidence is objective and independent.

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**Sean Ibbetson**

Senior Associate

[Email](#) | [Visit profile](#)

## SkyKick<sup>24</sup>

### Supreme Court

In the most recent episode of the long running Sky v SkyKick saga, which has been covered in previous BROTY issues, in November the Supreme Court handed down judgment.

### Background

The litigation commenced in 2016, and generated four High Court judgments, a reference to the CJEU, a Court of Appeal judgment and was heard by the Supreme Court in 2023. Between the Supreme Court hearing and the judgment being handed down, the parties settled, but the Supreme Court decided to give judgment anyway because the issues in dispute were so important to trade mark owners, and the practice of trade mark law more generally in the UK.

The key reason for the wider importance to trade mark law is that SkyKick sought to invalidate Sky's trade marks on the basis they had been applied for in bad faith, because Sky had no genuine intention of using them in relation to all of the goods and services for which they were registered. Sky's trade mark specifications were huge – covering goods and services (often framed in general terms) across many of the 45 classes of the Nice Classification.

In the High Court, SkyKick's bad faith attack was successful and Sky's trade marks were pared back, so as to reflect those goods/services in relation to which Sky had a genuine intention. The Court of Appeal was more forgiving of Sky's trade mark filing strategy and restored Sky's marks on the basis that a trade mark applicant was entitled to protect classes of goods/services provided that they had (or intended to have) an active business in that area.

The Supreme Court disagreed, and re-instated the High Court's findings. Although a very broad specification of goods and services is not, on its own, sufficient to amount to bad faith, it might lead to an inference that a mark has been applied for in bad faith. In those circumstances, the court can consider all of the relevant factors. In Sky's case, the court held that it was clear that goods and services had been applied for not because Sky had any intention of using the mark for those goods, but to have the trade mark as a weapon to deploy in trade mark proceedings against third parties. This was demonstrated by the fact that:

- Sky's trade mark specifications were very, very large – covering a huge number of classes and at times framed using class headings and capturing all goods within that class.

<sup>24</sup> SkyKick UK Ltd and another v Sky Ltd and others, [2024] UKSC 36

- Sky had not disclosed any contemporaneous documents setting out, let alone explaining or justifying, their filing strategy, and in particular their reasons for seeking such broad protection. Nor did any witness give first hand evidence as to why Sky had filed so broadly.
- Sky originally relied, in the claim against SkyKick, upon the full range of goods and services for which each of the SKY marks was registered.
- Sky maintained that position in the face of the bad faith objection until around five weeks before trial.
- Sky then narrowed the basis of the claim further in closing submissions.

The Supreme Court held that the marks had been applied for partially in bad faith, and it was therefore necessary to pare back the specifications by removing those goods and services which had been applied for in bad faith.

### Reflections - So what does this mean for trade mark owners?

SkyKick's success means that we can expect to see bad faith attacks run more often in the future. Trade mark owners should therefore expect to be faced with bad faith attacks when they assert their marks and should be prepared to defend themselves, if needed, with (1) contemporaneous documents which record their trade mark filing strategy; and (2) first hand evidence which justifies it.

Trade mark owners may choose to be slightly more conservative in their trade mark filings – for example Sky's marks covered whips and bleaching preparation, which are very far away from its business. But we do not expect to see a seismic shift in filing practices – because even if a trade mark is deemed to have been applied for in bad faith it will only be partially cancelled. So there is not a huge risk to trade mark applicants if they apply too broadly.

In a litigation context, trade mark owners may in future adopt a more conservative approach. In the SkyKick litigation it counted against Sky that they relied on their full trade mark specifications until very late in the day. They may have been better served by narrowing the goods/services they relied on at an earlier stage.

Finally, when presented with a bad faith attack, trade mark owners should be prepared to offer realistic fall-back positions. If not, there is the risk that the judge or hearing officer will partially invalidate a mark in ways which the trade mark owner could have avoided had they put forward a more realistic middle ground.

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## Infringement



**Sarah Husslein**

Senior Associate

[Email](#) | [Visit profile](#)

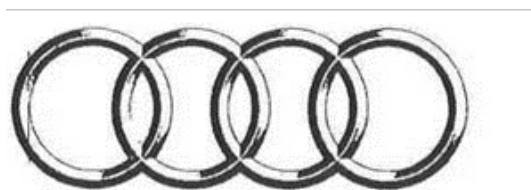
### Audi AG v GQ<sup>25</sup>

#### CJEU

The Court of Justice of the European Union (the ‘**CJEU**’) issued a Preliminary Reference, which includes a clear explanation of the relevant principles and settled case-law in relation to trade mark infringement. The CJEU also provided an opinion on the potential outcome in this matter, confirming that the radiator grilles featuring a shape which was reminiscent of the Audi’s famous logo infringed Audi’s earlier rights.

#### Background

Audi, the famous car manufacturer, is the owner of the EUTM for the figurative mark shown below, registered notably for “*land, air and water vehicles, parts and constituent parts of such articles included in this class, including engines*” in class 12 (the ‘**AUDI Logo**’).



The defendant in this case was an individual, selling and advertising on his website spare parts for motor vehicles, including radiator grilles adapted for Audi older models. The grilles contained a carved space, taking the shape of the AUDI Logo, designed for inserting and mounting the Audi emblem.

Audi issued trade mark infringement proceedings against the defendant before the Regional Court of Warsaw in Poland (the ‘**Referring Court**’), arguing that the grille allowing the attachment of the Audi emblem represented the AUDI Logo and was therefore unauthorised use of the AUDI Logo.

The defendant notably relied on Article 14(1)(c) EUTMR, arguing that trade mark owners cannot stop every and all use of their trade marks by third parties. More specifically, Audi cannot object to the sale of non-original radiator grilles incorporating an element designed for the attachment of the Audi emblem as it is arguably necessary to indicate the intended purpose of the product, which is allowed by said Article.

The Referring Court was unsure whether this use would constitute infringement and whether the seller could rely on Article 14(1)(c) EUTMR as a defence.

#### Questions to the CJEU

The Referring Court decided to stay the proceedings and refer the following questions to the CJEU for a Preliminary Ruling:

1. Does Article 14(1)(c) EUTMR preclude the trade mark owner from preventing third parties from using a sign which is identical/ confusingly similar to an EUTM, in relation to automotive spare parts (radiator grilles) where that sign constitutes a mounting element for an automotive accessory (an emblem reflecting the EUTM), and:
  - a. where the form of the mounting element is not technically required to affix the original emblem; or
  - b. where the form of the mounting element is technically required to affix the original emblem?

<sup>25</sup> Audi AG v GQ (Case C-334/22, Request for a Preliminary Ruling, 25 January 2024, CJEU Fourth Chamber)

If the answer to any of the questions is in the affirmative:

2. What criteria should be used in this case to determine whether the use of an EU trade mark is consistent with honest practices in industrial and commercial matters?
3. Does a trade mark, which is part of the shape of a car part, fulfil a designation function?
4. Does the shape of the mounting element fulfil a designation function in this case?

### CJEU's decision

#### Third & Fourth Questions

The CJEU decided to address the third and fourth questions together, and in the first place, to ascertain whether the offer for sale of the radiator grille, comprising a component the shape of which is identical/similar to the AUDI Logo and which is designed for the attachment of the Audi emblem, constitutes ‘*use in the course of trade*’ within the meaning of Article 9(2) EUTMR.

In order to respond to this question, the CJEU reiterated the principles of EU trade mark law.

- The provision of Article 110 of the Community Design Regulation, known as the “**repair clause**”, cannot be raised as a defence against trade mark infringement. Trade mark law applies regardless of technical function. This was confirmed by an *Order of 6 October 2015, C-500/14, Ford Motor Company*. In trade mark law, the objective of preserving undistorted competition (which the designs repair clause seeks to enable) is met by Article 14 EUTMR.
- The term “*use*”, within the meaning of Article 9(2) of EUTMR, is not defined by this Regulation. It is settled case-law that the “*use*” refers exclusively to active conduct on the part of the third party and the list of types of use is not exhaustive.

- The use “*in the course of trade*” occurs in the context of a commercial activity intended to obtain an economic advantage and not in the private sphere.
- The Court also considered the various functions of a trade mark, confirming that the essential function of a trade mark is to guarantee origin, and that other functions include the investment function (which enables the owner to attract and retain consumers by means of various commercial techniques) as well as the functions of communication, advertising and guaranteeing the quality of the product/service.

In the present case, the radiator grilles offered for sale by the defendant are not products originating from Audi or placed on the market with its consent. It is clear that the Referring Court considered the shape of the component of those grilles designed for the attachment of the Audi emblem to be identical/similar to the AUDI Logo. The marketing, importation and offer for sale of these radiator grilles fall within Article 9(3)(a), (b) and (c) of EUTMR. This element is placed on the radiator grille, in such a way that, as long as the emblem representing the AUDI Logo is not affixed, the sign identical/similar with/to the AUDI Logo is visible to the relevant public when it sees that part, that public being the one wishing to purchase such a part in order to repair or have repaired a motor vehicle. Such a fact is capable of establishing the existence of a material link between that part, which the defendant offers for sale, and Audi.

The Court confirmed that it is for the Referring Court to decide whether the marks and goods were identical or similar, whether there was a likelihood of confusion. However, for the CJEU, the answer to the **Third and Fourth questions** is that Article 9(2) and (3)(a) to (c) of EUTMR must be interpreted as meaning that *a third party who, without the consent of the manufacturer of motor vehicles which is*

*the proprietor of an EUTM, imports and offers for sale spare parts, namely radiator grilles for those motor vehicles, containing an element which is designed for the attachment of the emblem representing that trade mark and the shape of which is identical with, or similar to, that trade mark, makes use of a sign in the course of trade in a manner liable to affect one or more of the functions of that trade mark, which is a matter for the national court to ascertain.*

### First Question

The CJEU reiterated the well-established principles in this regard.

- Where the use of a sign identical with, or similar to, an EUTM by a third party may be prohibited by its proprietor under Article 9 EUTMR, Article 14 EUTMR limits the right of that proprietor to oppose that use. Indeed, under Article 14(1)(c) of EUTMR, an EUTM does not entitle its proprietor to prohibit a third party from using, in the course of trade, that trade mark to designate or refer to goods/services as being those of that proprietor, where use of that trade mark is necessary to indicate the intended purpose of a product or service, in particular as an accessory or spare part.
- The purpose of this limitation is to enable suppliers of goods/services, which are complementary to goods/services offered by the proprietor of a trade mark, to use that trade mark in order to inform, in a comprehensible and complete manner, the public of the intended purpose of the goods which they market or of the service which they offer or, in other words, of the practical link between their goods or services and those of the proprietor of the trade mark.
- However, the limitation of the exclusive right conferred on the proprietor of the trade mark by Article 9 EUTMR, exists only where such use of that mark by the third party is in accordance with honest practices in

industrial or commercial matters, within the meaning of Article 14(2) EUTMR.

In the present case, the purpose of the mounting element is to provide space for the Audi emblem but also to resemble the original Audi grille as closely as possible.

The CJEU made a distinction between (1) affixing the sign to the goods and (2) not affixing the sign to the goods, in order to indicate the purpose of the spare part: the latter situation is covered by Article 14 (1)(c) EUTMR; the former is not. The affixing of a sign identical with, or similar to, the trade mark on the goods marketed by the third party exceeds the referential use referred to in Article 14(1) (c) of EUTMR and therefore does not fall within any of the situations covered by that provision.

The Court also found that it is irrelevant whether it is technically possible to attach the Audi logo to the grille without the mounting element taking a shape that is identical or similar to that of the Audi logo.

In view of the above, the answer to the **First question** is that Article 14(1)(c) *EUTMR must be interpreted as meaning that it does not preclude the manufacturer of motor vehicles which is the proprietor of an EU trade mark from prohibiting a third party from using a sign identical with, or similar to, that trade mark in relation to spare parts for those motor vehicles, namely radiator grilles, where that sign consists of the shape of an element of the radiator grille designed for the attachment thereto of the emblem representing that trade mark, regardless of whether or not there is a technical possibility of attaching that emblem to the radiator grille without affixing that sign to it.*

### Second Question

Considering the answer given to the First question, the CJEU considered that there was no need to answer the Second question.

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**Sean Ibbetson**

Senior Associate

[Email](#) | [Visit profile](#)

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### Swatch v Samsung<sup>26</sup>

#### Court of Appeal

#### Background

In December 2023, the Court of Appeal dismissed Samsung's appeal in the trade mark infringement claim brought against Samsung by members of the Swatch group of watchmakers. Swatch's claim was that, between October 2015 and February 2019, 23 of their trade marks were infringed by 30 digital watch face apps which could be downloaded to Samsung smartwatches from the Samsung Galaxy App store. The Swatch trade marks appeared in the app names and/or on the 'watch face' when downloaded to a smartwatch. In 2022, the High Court had found Samsung to be liable for infringement of Swatch's trade marks, despite the fact that each of the apps had been developed and sold by third party app developers with no direct involvement from Samsung.

The three key points to note from the Court of Appeal decision are as follows:

#### Use by whom?

The Court of Appeal agreed with the High Court that the infringing signs (e.g. 'Tissot') were being used by Samsung, even though the apps were developed and sold by third party developers.

On this point, the Court of Appeal endorsed the High Court's approach, which considered Samsung's 'conduct as a whole', including all of the background factors which were said to be relevant such as the fact that Samsung

advertised its smartwatch as being 'watch like' and that it ran developer conferences (even if those were not attended by any of the developers who went on to create infringing watch face apps).

The judgment suggests that the UK is likely to closely follow the EU approach in this area, and in particular the CJEU judgment *Louboutin*. The Court of Appeal confirmed that the question of 'use' by online platforms such as app stores is determined by assessing whether a consumer would perceive there to be a link between the platform (here the Samsung app store) and the infringing sign, taking into account factors such as how the infringing product is presented.

#### Article 14 e-Commerce Directive safe harbour defence

Next, the Court of Appeal considered whether Samsung was entitled to rely on the safe harbour which is provided by Article 14(1)(a) of the eCommerce Directive.

The Court of Appeal found that Samsung could not benefit from the Article 14 exemption because Samsung was itself 'using' the infringing signs (for the reasons above), so its conduct fell outside the remit of Article 14. On the basis that Samsung was using the infringing signs itself, the court held also that its role was "active", and therefore outside of the scope of Article 14. This suggests that Article 14 will very rarely be available, if ever, to parties who are found to be primarily liable for trade mark infringement.

#### Post-sale confusion

Finally, the Court of Appeal considered the relevance of post-sale confusion. Although Samsung did not dispute that it was relevant to take the post-sale context into account, Samsung argued that there was no realistic likelihood that people other than the wearer of the smartwatch would see the infringing watch face app and think that the use of e.g.

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<sup>26</sup> Montres Breguet SA & Ors v Samsung Electronics Co Ltd & Anor, [2023] EWCA Civ 1478

‘Tissot’ on it would denote the origin of the smartwatch.

The Court of Appeal disagreed, and held that the High Court judge was right to find that a person who sees a person wearing a smartwatch with an infringing watch face app installed may well be led to believe that the infringing sign on the ‘dial’ denotes the origin of the watch. The Court of Appeal also deemed Samsung to be liable for that use.

The Supreme Court has since rejected Samsung’s application for permission to appeal and the proceedings have now moved to a damages inquiry which is expected to reach trial in 2026.

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**Dhara Reddy**

Associate

[Email](#) | [Visit profile](#)

## Lifestyle Equities v Ahmed

### Supreme Court

In May, the Supreme Court handed down its judgment in *Lifestyle Equities v Ahmed*<sup>27</sup> where it held that the directors of Hornby Street Ltd, siblings Kashif and Bushra Ahmed, were not personally liable as accessories with their company for the infringement of the Claimant’s Beverly Hills Polo Club trade marks.

The decision is of particular significance as it introduces a knowledge requirement into the test for accessory liability.

### Background

In 2017, Hornby Street (along with numerous other parties) was found liable for the infringement of Lifestyle Equities’ Beverly Hills Polo Club trade marks through sales of its Santa Monica Polo Club clothing range. At trial, the Ahmeds were found jointly and severally liable with their company and were ordered to account for the profits they had personally made as a result of the infringements (but not the profits made by their company). The finding that the Ahmeds were jointly liable with their company was upheld by the Court of Appeal. In addition, a loan made from the company to Mr Ahmed was held by the trial judge to constitute part of the profit he had made, although that decision was overturned by the Court of Appeal.

Lifestyle appealed against the decision that the Ahmeds were not liable to account for the profits made by their company from the infringements. The Ahmeds cross-appealed against the decision that they were jointly and severally liable and had made profits from those infringements. The Court of Appeal dismissed the appeals and both parties subsequently appealed to the Supreme Court.

### The Supreme Court’s decision

#### *Accessory liability*

The Supreme Court found that the directors were not liable as accessories to the company’s infringement of Lifestyle’s trade marks. Contrary to what was understood prior to this ruling, the Court stated that simply because liability for trade mark infringement is strict, it did not necessarily follow that strict liability should be imposed on those alleged to have been accessories to the infringement, such as the directors.

Instead, the Court held that to find a person is liable as an accessory, it will be necessary to show:

<sup>27</sup> *Lifestyle Equities CV v Ahmed*, [2024], UKSC 17, 15 May 2024

1. they had procured the company to infringe or been joined in common design with the company, and
2. they had “**knowledge of the essential facts which make the act done wrongful.**”

The Court’s reasoning was that it would be unjust to find a director personally liable for acts done in the normal course of their employment which cause the company to commit a tort, if the director has not acted knowingly.

In the context of trade mark infringement, the Court stated under section 10(2) TMA, the knowledge which will be required for the second limb of that test is of the existence of the trade mark and a likelihood of confusion. Infringement under section 10(3) TMA will require knowledge that the claimant’s trade mark has a reputation in the UK, that the use of the sign complained of gives rise to a link and that such use results in unfair advantage or detriment without due cause.

The Ahmeds were not proven to have the requisite knowledge as to the infringement or a likelihood of confusion. There was no evidence to show the Ahmeds were even aware of Lifestyle Equities’ trade marks before March 2014, when they were sent a letter of complaint. Even then, however, the Court said that this was not a “*simple case where... a company offers for sale counterfeit goods*” where it may be obvious that the goods were infringing. This was instead a case where there were differences between the signs used by the parties, and “*room for argument and honest difference of opinion about the extent of the similarity and whether it gave rise to a likelihood of confusion or otherwise resulted in infringement*”. This distinction helps to illustrate the types of cases where a court might be more inclined to find directors liable as accessories.

### Account of Profits

The Supreme Court confirmed the findings of the courts below that, even if a person is liable as an accessory to an infringement, the only profits which that can be required to pay over to the trade mark owner are those profits which they have made and not profits someone else (e.g. their company) has made. Such an order would amount to a penalty or fine which is not the purpose of the remedy. The position is different for damages where it is equitable to allow a claimant to recover compensation from any defendant where there are multiple defendants who have caused the loss.

In addition, the Supreme Court held that:

- A loan from a company to a director should not be considered as profit and should not be included as such in any account of profits.
- Ordinary remuneration for work (i.e. a salary) is not considered profit.
- Where a trader sells infringing goods, they are not necessarily liable for the profit made from selling the article itself but instead the profit made from selling it under the trade mark.

### Reflections

1. The decision applies to all torts and all persons who are potentially liable as accessories. However, it will have a particularly significant impact in the case of directors where their companies commit a wrong as it may be easier for them to avoid personal liability.
2. Where the remedy pursued is an account of profits, an infringer (whether primarily or jointly liable) can only be required to pay over any profits which they have made from the infringement and not the profit made by others. What constitutes profit is construed narrowly.

3. Putting potential infringers on notice of any rights is important. However, directors will in many cases be able to avoid personal liability if the infringement allegations being made are not clear cut and there remains room for argument that the use is not infringing.

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**Marc Linsner**

Associate

[Email](#) | [Visit profile](#)

## Lifestyle Equities CV and Anor v Amazon UK Services Ltd and Ors<sup>28</sup>

### Supreme Court

In March 2024 the Supreme Court unanimously dismissed Amazon's appeal regarding the advertising and sale of BEVERLY HILLS POLO CLUB ("BHPC") branded goods via Amazon's US website (the "US website") and upheld the Court of Appeal's decision that goods listed on the US website targeted the UK and infringed Lifestyle Equities registered trade marks protecting the BHPC brand.

### Background

Lifestyle Equities ("Lifestyle") is the owner and exclusive licensee of several UK and EU trade marks for the BHPC brand. The corresponding trade marks in the US are owned by a commercially unconnected company which sells goods identical to those for which Lifestyle's trade marks are registered in the UK and EU (the "US branded goods"). Lifestyle had not consented to the sale of the of US branded goods in the UK and/or EU and therefore took issue with the sale of those goods from Amazon's US website to consumers in the UK and EU.

Lifestyle argued that the advertising and offering for sale of US branded goods on Amazon's US website constituted 'targeting' of UK consumers (Issue 1). Although Amazon argued that there was no targeting, it conceded that if there had been targeting, this would constitute infringement of Lifestyle's trade marks. Lifestyle also argued that the actual sales of US branded goods to UK consumers themselves, regardless of any prior targeting, constituted infringement of Lifestyle's trademark (Issue 2). For Issue 2 we refer to actual sales made to consumers without any prior active targeting as 'passive sales'.

### Issue 1 – Targeting

#### High Court

At first instance Green J rejected Lifestyle's claim that Amazon's US website targeted UK consumers. Green J found there had been no targeting because the average consumer would conclude that Amazon's US website was targeted at consumers in the USA, not the UK and/or EU. The trial judge's conclusion was based on the following factors:

1. the US website advised incoming consumers from the UK about the availability of the UK website;
2. the UK website produced lower delivery times and prices for UK consumers than the US website;
3. there were statistically very few sales of the US branded goods to the UK;
4. Lifestyle's purpose in bringing the claim was not so much to prevent sales to the UK but to prevent UK consumers who strayed onto the US website learning of the low prices of the US branded goods, thereby downgrading the value of the goods and BHPC brand in the UK.

<sup>28</sup> Lifestyle Equities CV and Anor v Amazon UK Services Ltd and Ors [2024] UKSC 8

### Court of Appeal

Lifestyle appealed Green J's decision on targeting, arguing that the trial judge had made numerous errors in his assessment.

On appeal, Arnold LJ agreed with Lifestyle, finding that the trial judge's analysis was flawed for a number of reasons. Having reassessed the targeting question, Arnold J felt that it was obvious the US website had targeted UK consumers.

Arnold LJ identified the following errors in the High Court's judgment:

1. Green J attached too much weight to the perception of the US website as a whole, rather than on an analysis of each of the acts of targeting complained of.
2. Green J wrongly considered that because the US website was primarily directed at US consumers, it followed that the relevant web pages were not targeted at UK consumers.
3. By interpreting the targeting requirement as "taking deliberate aim" Green J focused too heavily on Amazon's subjective intention, i.e. focusing on who Amazon intended to target, as opposed to whether objectively speaking consumers would consider the US website to target the UK.
4. The judge wrongly accepted Amazon's argument that the UK-oriented aspects of the webpages were merely designed to make the US website more user friendly for a (non-targeted) UK consumer.
5. The judge should have discounted the lower shipping costs on the UK website as relevant because consumers were unlikely to be aware of them.
6. The judge wrongly treated Lifestyle's subjective motives in bringing the claims as relevant evidence to the question of targeting.

### Supreme Court

Amazon appealed the Court of Appeal's decision to the Supreme Court alleging several flaws in Arnold LJ's targeting analysis. The Supreme Court unanimously upheld the Court of Appeal's decision on targeting, but for different reasons and adopting a different approach to that taken by Arnold LJ. Based on Amazon's criticisms of Arnold LJ's analysis, the Supreme Court considered it appropriate to reassess targeting and reached the following conclusions:

1. The Supreme Court agreed with Amazon that the type of self-contained review of specific web-pages undertaken by the Court of Appeal was the wrong approach because it may not capture the impression of the website as a whole.
2. The Supreme Court rejected Amazon's criticism of the Court of Appeal for dismissing the evidence about delivery times and charges as pointing away from targeting UK consumers.
3. Although the Supreme Court declined to find that working backwards from the "Review your order page" as the Court of Appeal did would never be appropriate in other cases, they agreed with Amazon that in this case working forwards through the purchasing journey (as the Supreme Court did in its own assessment) was likely to result in a more accurate view of how consumers would use and perceive the website in question.
4. The Supreme Court acknowledged that although the Court of Appeal reached the correct conclusion on targeting, its approach was overly simplistic and consequently set the threshold for targeting too low. According to the Supreme Court it was a combination of the UK tailored elements in the "Review your Order" page and all the other aspects of the US website which were designed specifically

for consumers with a UK IP address, which led to the conclusion that there was indeed targeting.

The Supreme Court emphasised that the assessment of targeting should take into account all relevant facts and circumstances from the objective perspective of the average consumer. In the present case, this required a close examination of Amazon's US website as it presented itself to a UK consumer from a UK IP address.

According to the Supreme Court, the web page presenting the branded goods needed to be viewed in the wider context of the entire consumer experience on the website and customer journey from start to finish. The Supreme Court considered relevant that the message "Deliver to United Kingdom" and a pop-up box saying "We're showing you items that ship to United Kingdom" were displayed on the landing page to consumers with a UK IP address. Furthermore it found that the final "Review your Order" page was an offer for sale to a consumer at a UK address, with UK specific delivery times and prices, and the ability to pay in sterling.

The Supreme Court acknowledged that aspects of Amazon's US website pointed away from targeting the UK but did not consider these aspects to be strong enough to alter the overall conclusion on targeting. For example, the court acknowledged that the homepage of Amazon's US website had a pop-up directing UK customers to the UK version of Amazon, but gave the pop-up minimal weight as it was expressed only as an option. The Supreme Court made similar findings in respect of other aspects of the US website, including US dollars being the default currency and the fact that the products on Amazon's US website had longer delivery times and more expensive delivery costs than Amazon's UK website.

## Issue 2 – Passive sales to UK consumers

### High Court

At first instance, having concluded that the US website did not target UK consumers, the trial judge considered whether passive sales to UK consumers could amount to use in the UK and actionable acts of infringement here.

This aspect of Lifestyle's case was based on the CJEU decision in *Case C-98/13 Blomqvist v Rolex SA* [2014] ETMR 25 ("**Blomqvist**"). Lifestyle argued that *Blomqvist* is authority for the proposition that sales of goods to a consumer in the UK or EU amounts to use of a sign in the course of trade in the relevant territory, regardless of whether the sale was preceded by offers for sale and/or advertisements targeted at the UK or EU. Lifestyle contended that if BHPC branded products have been sold through Amazon to consumers in the UK/EU that was use in the course of trade and an act of infringement even if amazon.com did not target UK/EU consumers and even if the sale legally took place outside the UK/EU. Amazon argued that the basis for the decision in *Blomqvist* was that the sale in question was considered to have taken place in the EU or that the product in question was intended to be put on sale in the EU.

Green J interpreted *Blomqvist* as applying where the sale of a branded product from a third country website takes place *within* the EU or the product is intended to be put on sale within the EU. He distinguished the present case from *Blomqvist* because he found that the sales of US branded goods from the US website did not take place in the UK/EU, therefore were not sales to consumers in the UK/EU but rather completed in accordance with their terms in the USA. He also held that on the facts Amazon had not intended goods listed on the US website to be sold in the UK.

### Court of Appeal

Given Arnold LJ's findings on Issue 1, Issue 2 was academic since the sales in question were all preceded by offers for sale targeted at the UK. However, Arnold LJ went on to consider Issue 2 in case his conclusions on Issue 1 were wrong.

On appeal, Arnold LJ agreed with Lifestyle and held that the sale of BHPC branded goods from the US website to consumers in the UK did amount to use in the course of trade in the UK and did infringe Lifestyle's UK and EU marks based on the CJEU's decision in *Blomqvist*. Arnold LJ interpreted *Blomqvist* differently from Green J; he found that in the case of an actual sale to an EU consumer, according to *Blomqvist* the sale alone is sufficient, there is no need to consider the issue of targeting and there is no requirement for the sale to have been preceded by advertisements and/or offers for sale targeted at the EU (or the UK).

### Supreme Court

Amazon appealed to the Supreme Court, essentially arguing that the Court of Appeal had misinterpreted the CJEU's decision in *Blomqvist* and was wrong to conclude that sales to UK consumers without any prior offers for sale or advertising targeted at UK consumers amounts to use in the course of trade in the UK. Amazon argued that the Court of Appeal's decision extended the jurisdiction of the UK courts too far and was inconsistent with the territorial limitations of UK trade mark rights.

Unlike the Court of Appeal, in light of its finding on Issue 1, the Supreme Court found it unnecessary to consider the appeal on Issue 2 and the true extent of the CJEU decision in *Blomqvist*. The Supreme Court expressed some relief about being able to avoid this issue, citing uncertainties about the underlying facts of *Blomqvist* which made the ambit of the

CJEU's decision unclear, and the fact that there was no Advocate General's opinion available to consider against the CJEU's decision.

### Reflections

The Supreme Court's ruling does not change the law on targeting, but provides helpful clarity on what amounts to 'targeting' and how the court should approach the assessment of targeting. The decision has already been cited as authority on the issue of targeting in subsequent cases (see for example *Merck KGaA v Merck Sharp & Dohme LLC* [2024] EWHC 820 (Ch)).

The decision is certainly a favourable one for trade mark owners seeking to guard against infringement in an online context. The Supreme Court's judgment does raise the threshold for targeting higher than the bar set by the Court of Appeal. Even so, it is evident that the burden rests with overseas online retailers to ensure they are not infringing UK trade marks when advertising or offering branded goods for sale online.

Online marketplace operators will need to consider the risks of inadvertently infringing UK trade marks where they tailor their overseas websites to consumers from the UK and think carefully about the impression UK consumers may take from non-UK websites.

That said, online retailers can use the Supreme Court's assessment of targeting as a blueprint for assessing their own websites and designing them in a way that minimises the risk of infringement. The Supreme Court decision also illustrates how the assessment of targeting is multi-factorial and will turn on the facts of each case and the characteristics of the online context in question. The fact sensitive nature of the targeting assessment was laid bare in the recent, extensive judgment of Mr Justice Edwin Johnson in *Merck*.

Unfortunately, the ambit of the CJEU decision in *Blomqvist* and the question of whether passive sales amount to use in the course of trade in the UK and acts of infringement remains unresolved. The Court of Appeal's decision leaves open the possibility of passive sales amounting to infringing use, but the Supreme Court's passing comments on *Blomqvist* cast some doubt over the Court of Appeal's interpretation of the CJEU's ruling in *Blomqvist*. The lack of clarity and certainty on this point is unhelpful for online marketplaces as it leaves open the very real risk of passive sales to UK consumers providing the basis for trade mark infringement claims in the UK.

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**Marc Linsner**

Associate

[Email](#) | [Visit profile](#)

## Thatchers Cider Co Ltd v Aldi Stores Ltd<sup>29</sup>

### Court of Appeal

In *Thatchers Cider Co Ltd v Aldi Stores Ltd* Her Honour Judge (HHJ) Melissa Clarke sitting as High Court Judge in the IPEC held that the appearance of Aldi's "lookalike" Taurus cider did not infringe Thatchers' registered trade mark for the label of its Cloudy Lemon Cider and did not amount to unlawful passing off.

Thatchers appealed the IPEC decision and the appeal was heard by the Court of Appeal in December 2024. Although the IPEC decision is now less significant following the decision on appeal, the significance of this topic within the world of trade marks and the considerable differences in the conclusions reached by the IPEC and Court of Appeal justify coverage of both decisions here.

### Background to the proceedings

Thatchers, the family-run cider maker founded over a century ago, launched its Cloudy Lemon Cider in February 2020 and registered a UK trade mark (the "**Device Mark**") for the label (depicted in the first image below) later that year.



In May 2022, Aldi launched its own cloudy lemon flavoured cider under the "Taurus" brand. An image of the Aldi's Taurus referred to in the judgment is pictured above. As the image shows, the Taurus can featured a similar colour scheme to Thatchers' Cloudy Lemon Cider label, as well as use of lemons, leaves and similar wording beneath the Taurus brand name.

Thatchers issued proceedings in the IPEC, alleging trade mark infringement under sections 10(2)(b) and 10(3) of the Act and unlawful passing off. Thatchers argued that the overall appearance of Aldi's Taurus was highly similar to Thatchers' device mark and gave rise to a likelihood of confusion amongst consumers contrary to s.10(2)(b). Thatchers also argued that Aldi had intentionally designed its product to call to mind Thatchers' product and take advantage of the repute and distinctiveness of the Device Mark to encourage consumers to purchase Aldi's product.

<sup>29</sup> *Thatchers Cider Co Ltd v Aldi Stores Ltd* [2024] EWHC 88

Although Aldi admitted to benchmarking its Taurus product against Thatchers' Cloudy Lemon Cider, it denied Thatchers' claims of trade mark infringement and passing off.

### Trade Mark Infringement in the IPEC

#### *The "sign" alleged to infringe*

Typically, defining or identifying the "sign" complained of in a trade mark infringement claim is straightforward. However, due to the way Thatchers had pleaded its case on infringement the definition of the "sign" complained of became a key issue at first instance. Despite the pleading issue arising at the Case Management Conference earlier in the proceedings and Thatchers' counsel being given the opportunity to clarify the pleaded case at trial, the Judge felt that Thatchers had actually failed to plead its case with sufficient specificity. The Judge held that the "sign" complained of by Thatchers was *"the overall appearance of a single can of the Aldi Product, and not merely one face of it"* (the **"Sign"**). The consequence of Thatchers' failure to clearly identify the sign complained of was that the assessment of infringement was based on a comparison of the Device Mark (a 2D figurative device) against a single 3D can of Aldi's Taurus cider.

#### *Infringement under s.10(2)(b) of the Act*

For infringement under s.10(2)(b) the two key issues for the Judge were (1) whether the Sign was similar to the Device Mark; and (2) if so, does the similarity give rise to a likelihood of confusion.

On the first issue the Judge concluded that the Sign was similar to the Device Mark, but only similar to a low degree. The Judge's conclusion was heavily influenced by her finding that the principal dominating features of both marks, namely the "THATCHERS" brand on the Device Mark and the "TAURUS" brand and bulls head device on the Sign were dissimilar. Due to the way Thatchers pleaded

its case the Judge noted that the Sign was a three dimensional shape and the Device Mark was a two dimensional mark and this was a point of dissimilarity between the marks. The similarities between the marks identified by the Judge resulted from elements of the marks that were not distinctive, in the sense that they did not denote commercial origin. For example, the text "CLOUDY LEMON CIDER" was descriptive of the flavour, the yellow and cream background colour was considered ubiquitous within the industry, and the use of lemons and lemon leaves on packaging of lemon-flavoured beverages including lemon ciders was judged to be commonplace.

Having concluded that the Device Mark and the Sign were similar to a low degree the Judge went on to consider the existence of a likelihood of confusion. Weighing the factors relevant to the global assessment of confusion, notably the low degree of similarity between the marks, the enhanced distinctiveness and reputation of the Device Mark, the imperfect recollection of consumers, and the lack of evidence of actual confusion amongst consumers, the Judge in the IPEC concluded that there was no likelihood of confusion.

#### *Infringement under s.10(3) of the Act*

Thatchers argued that the Device Mark as a whole had acquired enhanced distinctiveness and generated a reputation by virtue of its extensive levels of trade throughout the UK. In contrast, Aldi argued that the only distinctive element of the packaging was the THATCHERS brand name, and because the other aspects of the packaging were not distinctive, the packaging as a whole had not acquired independent distinctiveness from the THATCHERS brand name. The Judge rejected Aldi's argument, finding that the average consumer would perceive the Device Mark as a whole and would understand the packaging to denote Thatchers' Cloudy Lemon Cider, not just a Thatchers' product generally. Consequently, the Judge held that the Device

Mark as a whole had acquired enhanced distinctiveness and reputation by virtue of Thatchers' extensive use of the mark in the UK.

Although the Judge found that the marks were similar to a low degree and would not give rise to a likelihood of confusion, she concluded that the Sign would give rise to a link to Thatcher's Device Mark in the mind of the average consumer. Despite finding a lack of evidence of actual confusion amongst consumers, the Judge was satisfied that there was evidence of social media comments from consumers describing Aldi's product as a "*rip off*" or "*knock off*" of Thatchers' product. The Judge accepted these comments as evidence that Aldi's Sign had caused a link with Thatcher's products bearing the Device Mark in the minds of consumers.

Thatchers' case on s.10(3) was focused on unfair advantage, and placed considerable importance on Aldi's subjective intention. Although Thatchers accepted that benchmarking was an accepted industry practice, they argued that Aldi significantly departed from the standard benchmarking process by not matching its own house style and deliberately choosing branding highly similar to the Device Mark.

The Judge accepted that Aldi had chosen to "*live dangerously*" but had not designed the appearance of its product with the intention to of taking unfair advantage of the goodwill and reputation of Thatchers' Device Mark. Indeed, the Judge was not convinced on the evidence that Aldi had departed from its own house branding because Aldi had added lemon imagery to the product to convey the flavour of the product in the similar way as Thatchers had done with the Device Mark, but had retained the TAURUS brand name and bull logo that was consistent with Aldi's wider range of ciders. The Judge also noted that Thatchers' own evidence accepted that "*well-understood and acceptable process of benchmarking*" looks at the benchmark product in all aspects,

including the appearance of the product, and there was an expectation that there would be some visual similarities between the benchmark product and the resulting product.

Thatchers also argued that use of the Sign would tarnish the repute and distinctive character of the Device Mark due to differences in the taste and ingredients of the respective products. The most interesting aspect of this argument was that the Judge conducted a blind taste test as part of her assessment. Although the Judge accepted that the products tasted differently and that some consumers may not like the taste of Aldi's product, she felt that this was not a case where the taste was so different that consumers would perceive Thatchers' cider to be less attractive and therefore adversely affect the repute and/or distinctiveness of Thatcher's Device Mark.

For those reasons, the Judge in the IPEC concluded that Thatchers' s.10(3) claim failed.

### Passing off in the IPEC Decision

In line with her conclusion on s.10(2)(b), the Judge held that there was no evidence to show that consumers believed Taurus was a Thatchers' product, or otherwise commercially connected to Thatchers. For that reason, the Judge held that there was no misrepresentation and the claim for passing off failed accordingly.

### Reflections on the IPEC Decision

**(Spoiler alert!)** Although the IPEC decision was ultimately overturned on appeal, the outcome at first instance in the IPEC demonstrates the challenges of enforcing registered trade marks against lookalike products. Even though the IPEC decision had attracted some criticism, the outcome was not surprising and accorded with the general trend in recent lookalike cases.

Despite the outcome on appeal, the IPEC decision does still serve as a useful reminder of the importance of clearly identifying the “sign” complained of in trade mark infringement claims. The way a “sign” is pleaded is fundamental to the assessment of infringement in trade mark claims and therefore needs to be pleaded with careful consideration. There may be circumstances where it is beneficial for claimants to define the sign complained of more generally, however, the IPEC judgment is a clear example of the risks of not identifying the infringing sign with sufficient detail.

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**Marc Linsner**

Associate

[Email](#) | [Visit profile](#)

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### Court of Appeal - *Thatchers Cider Company Ltd v Aldi Stores Ltd*<sup>30</sup>

In a significant decision that will be warmly welcomed by brand owners, the Court of Appeal overturned the IPEC decision rejecting Thatchers’ claim of trade mark infringement against Aldi’s Taurus Cloudy Lemon Cider.

At first instance as discussed above, the IPEC had dismissed Thatchers’ claims of trade mark infringement and unlawful passing off relating to the appearance and packaging of Aldi’s Taurus Cider. In a unanimous decision the Court of Appeal allowed Thatchers’ appeal, overturning the IPEC’s decision on infringement under s.10(3) of the Act by finding that the appearance of Aldi’s Taurus Cider took unfair advantage of the reputation of Thatchers’ registered trade mark for the packaging of its Cloudy Lemon Cider.

### The key issues on appeal

Thatchers appealed the IPEC decision on no less than ten grounds, all of which related to the IPEC’s assessment of infringement under s.10(3) of the Act. Lord Justice Arnold gave the leading judgment in the Court of Appeal and agreed with Thatchers’ arguments that HHJ Melissa Clarke had erred in her assessment of s.10(3) in several respects. According to Arnold LJ this was a case that fell squarely within the category of “*riding on the coat-tails*” of Thatchers’ Device Mark and involved “*a transfer of the image*” from the Device Mark to the Sign.

### Reputation

The IPEC held that the Device Mark had enhanced distinctive character and a reputation in the UK. At first instance Aldi argued that the only distinctive element of the Device Mark was the brand name “THATCHERS”, and therefore any distinctive character and reputation attached to the brand name, not any other non-distinctive elements of the Device Mark or the Device Mark as a whole. Interestingly, that argument was not pursued on appeal, and Aldi did not appeal the Judge’s finding that the Device Mark as a whole had enhanced distinctive character and reputation in the UK.

Consequently, the IPEC’s decision on reputation demonstrates that a packaging or label mark which is comprised of distinctive (e.g. brand or product name) and non-distinctive elements (e.g. descriptive or commonplace decorative elements) can attract a reputation as a whole and provide grounds for an infringement claim even where the distinctive elements of the mark are not reproduced by the allegedly infringing sign. The significance of this particular aspect of the IPEC decision has gone under the radar somewhat, but it is critical in the context of s.10(3) claims against lookalike products because more often than not lookalike

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<sup>30</sup> *Thatchers Cider Company Ltd v Aldi Stores Ltd* [2025] EWCA Civ 5

products have distinct brand names/logos. This point of distinction is often decisive in lookalike cases because brand names and logos are generally perceived to carry greater brand significance in the eyes of the average consumer, therefore reproducing or imitating elements of a mark that are not typically perceived to be origin denoting (i.e. descriptive of decorative features) is often judged not to take unfair advantage of the distinctiveness and repute of the trade mark in question.

### *Aldi's intention*

Thatchers argued that the IPEC Judge had erred in her assessment of intention by conflating an intention to deceive which is relevant to infringement under s.10(2) and an intention to take unfair advantage which is relevant to s.10(3). Arnold LJ agreed with this criticism and found that the “*inescapable conclusion*” from the evidence of Aldi’s product development process was that Aldi intended the Sign to remind consumers of Thatchers’ Device Mark and convey the message that its product was a cheaper version of Thatchers’ product. In reaching this conclusion, Arnold disagreed with the Judge’s finding that Aldi had not departed from its house style for the Taurus range because in his view Aldi’s Sign was a “*manifest departure*” from the house style. According to Arnold LJ, by intending the Sign to remind customers of Thatchers’ product Aldi intended to take advantage of the repute of the Device Mark to aid the sales of its own product. The fact that Aldi did not intend to deceive or confuse customers did not undermine the conclusion.

### *Unfair advantage*

Thatchers argued that when assessing its s.10(3) claim the IPEC Judge had failed to consider its case that the use of Aldi’s Sign had resulted in a transfer of image from Thatchers’ Device Mark. Thatchers’ case on transfer of image was based on the *L’Oreal v Bellure* decision in which the CJEU set out

key principles for assessing s.10(3) cases. Once again, Arnold LJ agreed with Thatchers’ critique, finding that the Judge had rejected Thatchers’ transfer of image argument without considering that particular aspect of Thatchers’ case and without giving any reasons for doing so, which was a clear error of principle.

As noted above, Arnold LJ found that Aldi intended the Sign to remind consumers of Thatchers’ product and he went on to find that the evidence showed some consumers had “*received the message loud and clear*” and Aldi had been able to achieve significant sales of its product without any form of marketing or advertisement. In those circumstances Arnold LJ held that it was legitimate to infer that Aldi’s use of the Sign had taken advantage of the Thatchers Mark and that had been Aldi’s intention from the outset. Further, Arnold LJ concluded that the advantage gained by Aldi linking to the Device Mark was unfair because Aldi had been able to profit from Thatchers’ investment in developing and promoting its Cloudy Lemon Cider, rather than by competing fairly on quality and/or price and investing in its own promotional efforts.

For those reasons, Arnold LJ allowed Thatchers’ appeal against the Judge’s conclusion that the use of the Sign did not take unfair advantage of Thatchers’ Device Mark contrary to s.10(3).

### *Did Aldi have a defence under s.11(2)(b) of the Act?*

Aldi argued that even if its use of the Sign infringed under s.10(3), it had a defence under s.11(2)(b) of the Act on the basis that all the features of the Sign that give rise to similarity with the Device Mark were descriptive or otherwise non-distinctive and its use of the Sign was in accordance with honest commercial practices.

Arnold LJ held that, as a matter of principle, the s.11(2)(b) defence was not open to Aldi because when considered as a whole the Sign was not descriptive. Arnold LJ confirmed that for the purpose of assessing s.11(2)(b) it is wrong to artificially dissect a composite sign into component parts and then argue that the sign as a whole benefits from s.11(2)(b) because some parts are non-distinctive or descriptive.

Even though the s.11(2)(b) defence failed at the first hurdle Arnold LJ considered whether Aldi's conduct conformed with honest commercial practices. On this issue, he concluded that Aldi's conduct fell below the standard of honest commercial practices. Arnold LJ found that Aldi was aware of the reputation of the Thatchers Mark and intended to take advantage of it. Aldi had not conducted any trade mark searches and had not disclosed any legal advice in that regard. According to Arnold LJ Aldi had no justification for using the Sign and ought to have appreciated that Thatchers would strongly object to the Sign.

In the circumstances, Arnold LJ held that Aldi's conduct was tantamount to unfair competition and *"precisely the kind of conduct that the law is designed to protect the proprietor of a registered trade mark with a reputation against."*

### A departure from *L'Oreal v Bellure*

As a *"last resort"* to thwart Thatchers' appeal, Aldi invited the Court of Appeal to depart from the CJEU decision in *L'Oreal v Bellure*, which Thatchers relied on in support of its primary case on transfer of image. According to Aldi the *L'Oreal* decision had received heavy criticism (including from the Court of Appeal) and post-Brexit this was an opportunity for the English courts to depart from *L'Oreal*. Arnold LJ rejected Aldi's argument for several reasons, not least because Aldi had invited the court to depart from *L'Oreal* and diverge from EU law without advancing any alternative principles for assessing s.10(3) claims and therefore Aldi's

proposed approach would create significant legal uncertainty.

### Reflections

The Court of Appeal's decision marks a significant U-turn from the decision at first instance. The outcome is a considerable victory for Thatchers and for brand owners more generally. The appeal is a clear change of direction in favour of trade mark owners and shows that where a trade mark has a reputation, imitating descriptive and/or decorative elements of a mark that may typically be perceived to have less brand significance can still give rise to infringement under s.10(3).

The result may be confined to the particular facts of this case and perhaps on this occasion Aldi simply sailed too close to the wind and ultimately found itself in a sea of trouble. Even so, the outcome demonstrates how infringement claims under s.10(3) can provide a useful weapon to combat lookalike products. The true implications of the Court of Appeal's decision remains to be seen, but the decision will be a warning sign to third parties in the business of 'benchmarking' their products against market leading products.

For brand owners, the Court of Appeal's decision offers reassurance that registered trade marks can still offer valuable legal protection for their branded products. Indeed, the finding of infringement under s.10(3) illustrates the value and importance of brands registering trade marks for their product labels and packaging, not just for brand names and stylised logos. Although the Court of Appeal decision swings the pendulum back in favour of brand owners, the saga is unlikely to end there given Aldi immediately declared its intention to appeal to the Supreme Court in the press shortly after the Court of Appeal decision was released.

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**Jake Palmer**

Associate

[Email](#) | [Visit profile](#)

This article covers the trade mark and passing off appeal. For the article covering the copyright appeal, see our [Designs and Copyright Review of the Year](#).

## Lidl Great Britain Limited and Anor. v Tesco Stores Limited and Anor<sup>31</sup>

### Court of Appeal

Court of Appeal upholds findings of trade mark infringement and passing off by Tesco but overturns finding of copyright infringement

A version of this article first appeared in the Intellectual Property Forum journal, published by The Intellectual Property Society of Australia and New Zealand Inc. Jake Palmer.

*“Current Developments – Europe: United Kingdom: Lidl Trouble in Big Tesco – UK Court of Appeal upholds findings of trade mark infringement and passing off by Tesco but overturns finding of copyright infringement” (2024) issue 136, [IPSANZ](#).*

### Background

The UK Court of Appeal has handed down its judgment in relation to a dispute between UK supermarket giants Tesco and Lidl regarding Tesco’s use of Clubcard Price signs.

The first instance decision found Tesco to be liable for trade mark infringement, passing off and copyright infringement through its use of such signs. The Court of Appeal has upheld the findings of trade mark infringement and passing off, but overturned the finding of copyright infringement.

As part of the dispute, Tesco successfully argued at first instance that certain of Lidl’s trade marks were registered in bad faith and were thus invalid. The Court of Appeal upheld this finding.

From a trade mark and passing off perspective, the case highlights the importance of consumer evidence, and in particular instances of actual confusion, in assisting the court in making important findings of fact. While the Court of Appeal clarified that evidence of actual consumers cannot stand proxy for the legal concept of the average/ordinary consumer, such evidence may nonetheless be probative as to the perceptions of such legal concepts.

References to the Court of Appeal judgment are to the leading judgment by Lord Justice Arnold, unless stated otherwise.

### Background

Tesco and Lidl are widely-known supermarkets in the UK: Lidl is a discount supermarket focusing on low prices, Tesco is a “mid-tier” supermarket offering products over a range of prices.

Since 1995, Tesco have operated a highly successfully “Clubcard” loyalty scheme. The subject of this dispute, however, is a discrete marketing strategy linked to the Clubcard scheme launched in 2020: the Clubcard Prices promotion.

The Clubcard Prices promotion offered discounts on certain products to Tesco Clubcard members at the point of sale. Tesco used the Clubcard Prices signs (the/Tesco’s “CCP Signs”) to indicate the goods that were subject to this promotion and/or to generally refer to such prices being available. The CCP Signs featured a blue square background with varying black text in the centre of a yellow roundel. Examples of CCP Signs are shown below.

<sup>31</sup> Lidl Great Britain Limited and Anor. v Tesco Stores Limited and Anor. [2024] EWCA Civ 262



Readers who are aware of Lidl's logo can probably guess where this is going. Lidl objected to Tesco's use of the CCP Signs relying on their main logo (the "Mark with Text") and its wordless background (the "Wordless Mark"). These are shown below.



The Wordless Mark



The Mark with Text



Example of the Marks as used by Lidl

### First instance decision

Relying on these logos, Lidl claimed copyright infringement, passing off and trade mark infringement. Tesco claimed that the Wordless Mark was invalidly registered, relying on the grounds of non-use, lack of distinctive character and bad faith. The court of first instance (the UK High Court) found as follows.

- **Trade mark infringement:** Both of Lidl's logos were infringed by the CCP Signs, pursuant to section 10(3) of the UK *Trade Marks Act 1994*. The Court held that the CCP Signs took unfair advantage of Lidl's reputation as a low-price discounter and damaged the distinctive character of Lidl's logos by suggesting that the Tesco products were price-matched to those of Lidl.
- **Passing off:** Under the common law principle of passing off, the goods to which the CCP Signs referred passed themselves off as being equivalent in value to those same

products of Lidl: consumers were mistakenly believing that the products were price-matched as a result of Tesco's use of the CCP Signs and their similarity to Lidl's logos.

- **Copyright Infringement:** Copyright was held to subsist in the Mark with Text (Lidl's main logo); this was infringed by Tesco's CCP Signs.
- **Validity of Wordless Mark:** The Wordless Mark was invalid on the basis that it was filed in "bad faith". This was held on the basis that Lidl had no intention of using the Wordless Mark at the time of filing it.

For more details on the first instance decision, see our article in last year's Trade Marks Review of the Year publication.

### Court of Appeal decision

Importantly, under the UK appeals system, the Court of Appeal can only intervene with first instance finding of facts where they are "rationally insupportable". Where the Court of Appeal is evaluating a first instance decision comprising a multi-factorial evaluation, the Court of Appeal can only overrule the first instance judge where that judge has erred in law or principle. This means the Court of Appeal were not assessing whether they agreed with the first instance judge's findings; rather, they were considering whether the evidence before the first instance judge entitled her to reach her findings.

Central to the first instance findings of trade mark infringement and passing off was the finding that there was "clear evidence" that consumers would believe there was a price match between Tesco and Lidl as a result of Tesco's use of the CCP Signs ("price match confusion"). It was agreed by the parties that the findings of passing off and trade mark infringement stood and fell together in relation to this ground.

<sup>33</sup> *Gibraltar (UK) Ltd and another v Viovet Ltd* [2024] EWHC 777 (Ch), 9 April 2024

The Court of Appeal was therefore required to consider the specific criticism of the evidence relied on for the finding of such price match confusion. Lidl relied on three strands of evidence referred to by the first instance judge:

- i. messages from consumers, such as on social media and direct messages to Tesco;
- ii. a survey conducted by Tesco prior to the Clubcard Prices campaign; and
- iii. two member of the public witnesses.

The Court of Appeal considered that the first instance judge was “not only entitled to place some weight on each of those strands [of evidence relied on by Lidl], but also to regard each of the three strands as reinforcing the other two” [160].

In doing so, the Court of Appeal was careful to point out that the consumer evidence was relevant because it could assist the court in gauging the perceptions of the legal concept of average/ordinary consumers, not because it could stand proxy for such legal concepts. It is for the Court to attribute appropriate weight to such evidence in making its findings of fact.

Hence, the Court of Appeal did not consider the first instance judge’s finding of price match confusion was rationally insupportable, and so they could not overturn it.

### Validity (Wordless Mark)

Lidl owned four trade mark registrations depicting the Wordless Mark, which were found at first instance to be invalid, having been registered in bad faith.

The appeal focused on the initial registration for the Wordless Mark. Once this was found to have been registered in bad faith by Lidl, the invalidation of the subsequent registrations was dealt with briefly.

Lidl argued that the first instance judge had been wrong to find that the objective circumstances of the case were sufficient to shift the burden to Lidl to demonstrate that it had applied for the first registration for the Wordless Mark in good faith. However, Lidl had accepted that they have never made use of the Wordless Mark in the form that it was registered and that the reason they applied for it was to get a wider scope of protection (as compared to the protection afforded by the Mark with Text). The Court of Appeal found that these admissions were sufficient to infer that there was no intention by Lidl to actually make use of the Wordless Mark at the time of filing the application and that the registration was intended to be used as a “legal weapon”. This was deemed to be sufficient to shift the burden in the way the first instance court had done.

Overall, the Court of Appeal upheld the first instance court’s finding that all four of Lidl’s trade mark registrations for the Wordless Mark were registered in bad faith and thus were invalidly registered. However, Tesco were still found to have infringed the Mark with Text.

### Reflections

#### *Trade mark infringement and passing off*

The first instance finding was surprising to many. On the issue of price match confusion, Lord Justice Arnold recognised that “at first sight” it was “somewhat surprising” that the judge had made a finding that consumers would be “misled by the CCP Signs into thinking that Tesco’s Clubcard Prices were the same as or lower than Lidl’s prices” [160]. Lord Justice Lewison, in his judgment, went further, expressing that if he could avoid this result, he would, and sympathising with Tesco’s position:

*I do not consider that a message that Tesco offers good value is anything other than fair competition... The upshot is that despite Tesco's wish to differentiate itself from Lidl and to promote the value of its own very distinctive brand, it has found itself liable for trade mark infringement and passing off. [219, 221].*

However, the role of the Court of Appeal was not to make its own findings on the evidence, but rather to confirm whether the first instance judge's finding was rationally supportable. Accordingly, even if the Court of Appeal judges would have reached a different conclusion themselves, that is not sufficient to overturn findings of fact. In his judgement, Lord Justice Arnold was careful to point out that the first instance judge has the advantage of being "immersed in all of the evidence", whereas the Court of Appeal only considers selected parts.

This judgment was keenly awaited as it was clear from the Court of Appeal hearing that a major issue for determination was the weight that could be given to evidence of confusion from actual consumers in trade mark and passing off cases. Tesco had argued that some of that evidence should be ignored completely when the court determines whether the average/ ordinary consumer would be confused in the way Lidl had argued. In making this argument, they referred to UK Trade Mark Registry decisions, which are routinely made without any such evidence of actual confusion.

The Court of Appeal has clarified that such evidence remains relevant and can assist the court in gauging the perception of the average/ordinary consumer, though it cannot stand proxy for them. Accordingly, in most cases it is expected to be well worth parties searching for such evidence. Trawls of social media, contacting members of the public who demonstrated confusion and searching Tesco's internal communications were all methods used by Lidl in finding such evidence in this case.

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**Sean Ibbetson**

Senior Associate

[Email](#) | [Visit profile](#)

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### Iconix v Dream Pairs<sup>32</sup>

#### Court of Appeal

#### Background

The topic of post-sale confusion was centre stage in *Iconix v Dream Pairs*, which was decided by the Court of Appeal in January 2024.

Lord Justice Arnold gave the leading judgment in a trade mark infringement claim brought by the owner of the Umbro sports brand against Dream Pairs. Dream Pairs was alleged to have infringed Umbro's trade marks (shown below) by use of a 'DP' logo, also shown below, which was used in relation to football boots, trainers and sandals.

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#### Claimant's trade marks

##### The '668 mark



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##### The '459 mark



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<sup>32</sup> *Iconix Luxembourg Holdings SarL v Dream Pairs Europe Inc & Anor* [2024] EWCA Civ 29

### The Defendant's sign

Taken from the  
Defendant's  
trade mark  
registration



The logo as it  
appeared on  
footwear  
and viewed from an  
angle



The High Court judge held there to be no likelihood of confusion, and therefore no infringement. Crucially, however, he recorded that the case presented to him was “primarily concerned with Dream Pairs’ sales through Amazon, which clearly identified the football boots as being DREAM PAIRS and did not refer to Umbro”. The judge did consider post-sale confusion, but reached the same conclusion in that context, finding that the average consumer would not see the DP logo, even when muddy, as being more than faintly similar to Umbro’s trade mark and that they would not be confused.

On appeal to the Court of Appeal, Umbro’s principal argument was that the judge had erred when considering the post-sale context in two ways. First, he had fallen into the common trap of being influenced by the side-by-side comparison of the trade marks and sign as it appears on paper, and had failed to properly consider how the sign would appear once on footwear and when seen for the first time in the post-sale context. Second, he had failed to take into account the impact that most people looking at the sign on another person wearing Dream Pairs football boots would be looking down from head height at the feet of another person and so see the sign at an angle and not square-on.

The Court of Appeal agreed with Umbro. It held that, although the judge had discussed the example of a muddy football boot, he had overlooked the importance that in a post-sale context people would often see the logo when looking down at the sign at an angle, meaning that “the Sign would appear more like a double diamond, and therefore more similar to [Umbro’s 668 trade mark registration].” The Court of Appeal considered that “*There is nothing artificial or unrealistic about this comparison. On the contrary, it is a realistic and representative scenario for assessing the post-sale impact of the use of the Sign upon the perception of the average consumer.*” In light of that error, the Court of Appeal re-evaluated the claim and held there to be likelihood of confusion.

### Reflections

This decision, along with the Swatch v Samsung judgment handed down shortly before it, demonstrates the importance of considering infringement in a post-sale context when many of the factors which would otherwise work in the defendant’s favour (such as clear use of the Dream Pairs’ word mark) are missing. In this case, the Court of Appeal felt that it was realistic to consider a consumer who was encountering the sign for the first time and doing so at an angle and on a muddy football pitch. This really demonstrates the value to claimants of ensuring that the post-sale context is relied on in any trade mark infringement claim, particularly for consumer goods.

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### Infringement and comparative advertising



**Sally Dunstan**  
Of Counsel  
[Email](#) | [Visit profile](#)

#### **Gibraltar (UK) Ltd and another v Viovet Ltd<sup>33</sup>**

##### **High Court**

The High Court has found for the Claimant in this relatively rare trade mark infringement case based on a breach of comparative advertising rules.

##### **Background**

The first Claimant, Gibraltar (UK) Ltd, owns various trade marks for veterinary nutraceutical products. These consist of formulations of nutrients which aim to maintain or improve the health of animals, but are not pharmaceuticals.

The second Claimant, VetPlus, was an authorised supplier of such products to veterinary practices, who on-sold to consumers. The products were claimed to be of high quality and efficacy, and clinically tested.

The Defendant, Viovet Ltd, is an online retailer of various branded and own-brand pet and horse supplies, including prescription and non-prescription medications and supplements. Viovet sold the Claimant's products and its cheaper own-brand versions, which were of different formulations to the Vet Plus products, while containing some of the same ingredients.

Advertisements on the Viovet website promoted its own products when a consumer tried to purchase the Claimants' product. When a customer selected a VetPlus product on the Viovet site, Viovet presented a red button with a reversible arrow and text suggesting a "swap and save", "save £x per day" or "try something new" and pictured the cheaper Viovet equivalent, displaying pricing details. If the customer added the original VetPlus product to its basket, then a similar further pop up was displayed giving consumers the chance to swap to the Viovet product. For just the VetPlus Aktivait product, a button stating "read more" took the customer to an advertisement for Viovet's own brand RenewMe, which stated it "contains trusted ingredients found in Aktivait" and was a "more cost effective option".

The Claimants alleged that the Defendant had used their marks for the purposes of comparative advertising and by contravening the Business Protection from Misleading Marketing Regulations 2008 (implementing the Comparative Advertising Directive in the UK), such use constituted trade mark infringement.

Under the Regulation, "comparative advertising" means "advertising which in any way, either explicitly or by implication, identifies a competitor or a product offered by a competitor...". It is permitted if various conditions are met, including if it "objectively compares one or more material, relevant, verifiable and representative features of those products, which may include price" (*Regulation 4(d), 2008 Regulations*). The Claimants argued that the Defendant's advertisements, as well as comparing price, impliedly compared the quality and/or efficacy of the products. The Defendant argued that only price was compared, and the average consumer would assume that the Viovet alternative was cheaper due to differences between the products (which could include quality differences).

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<sup>33</sup> Gibraltar (UK) Ltd and another v Viovet Ltd [2024] EWHC 777 (Ch), 9 April 2024

At a CMC, the Master ordered the issue of the message conveyed by the comparative advertising to be tried as a preliminary issue. Whether the message was objective as opposed to misleading was to be determined at a further trial (as such an assessment would not be needed if it was found that only price was compared).

### Decision

The Deputy High Court Judge (James Pickering KC) considered it was necessary to first determine which features were being compared, expressly or implied – whether it was just price (which was undisputed) or also or (by implication) other features, including quality and efficacy. Even if the products are the subject of an objective comparison on at least one material, relevant, verifiable and representative feature (for example price), the advertisement may nevertheless still be misleading if the comparison suggests by implication that other characteristics of the product in question are also equivalent when in fact they are not, and when those characteristics may have a significant effect on the choices made by a consumer. If the advertisement is silent on the differences between the products, the consumer may be deceived as to the reasons for the difference in price – they will not necessarily presume that

the alternative product is inferior or different in quality, but may be led to believe that they will obtain an economic advantage because of the competitive nature of the advertiser's offer.

The Judge considered that the reasonably well-informed average consumer would assume that the Viovet products offered as an alternative were comparable in nature, composition or specification to the VetPlus products, including as to efficacy and quality – even though the only assertions made were as to price.

Statements such as “swap and save” and “contains trusted ingredients found in Aktivait” implied the products were equally beneficial but cheaper, and it was not obvious to the consumer that they are being offered a different and possibly inferior product. The consumer would likely have been recommended the products by a vet, and would make careful selections aiming to improve the health and well-being of their animal, and hence make this assumption when offered the alternative money saving product.

Therefore, the Court held that the Defendant's advertisements would be regarded by the average consumer as comparing features of the product other than price.

### Reflections

This judgement was a preliminary ruling, looking at the features being compared, and did not consider whether the comparison was objective. It is nevertheless a useful rare decision on comparative advertising, that also confirms that caution should be used for “swap and save” offers which may imply that the products are equivalent. Care should particularly be used in health related fields where consumers are unlikely to compromise on quality.

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**Kyrana Hulstein**

Associate

[Email](#) | [Visit profile](#)

### Morley's (Fast Foods) Limited v Nathakumar & Others<sup>34</sup>

#### IPEC

#### Background

In June 2024, the IPEC heard a trade mark infringement dispute involving two South London chicken shops, Morley's and Metro's. Morley's (Fast Foods) Limited ("**Morley's**") brought trade mark infringement proceedings against, among others, Kunalingham Kunatheeswaran ("**KK**"), the owner and franchisor of Metro's. The other defendants were current and former franchisees operating under the Metro's brand (together, the "**Franchisee Defendants**").

Morley's relied on the following trade marks to challenge Metro's use of signs it considered to be similar:

- The "Morley's Mark", registered in classes 29, 30, 32 and 43 since November 2002:



- The "Triple M Mark", registered in classes 29 and 43 since November 2009:

#### TRIPLE M, TRIPLE-M

- The "Morley's Red and White Mark", registered in classes 29, 30, 32 and 43 since September 2018:



Together, the "**Morley's Marks**".

In particular, Morley's objected to Metro's use of the following signs:

- **Sign 1:**



- **Sign 2:** "MMM" on shop windows and menu boards
- **Sign 3:** "TRIPLE M / TRIPLE "M"" on menu board and Deliveroo menus

Morley's and Metro's were previously involved in a trade mark dispute which had resulted in a 2018 settlement agreement (the "**2018 Agreement**"), allowing Metro's use of the following sign with "reasonable modifications":



There were a number of issues for the Court to determine, including whether the Morley's Marks were a family of marks, whether Metro's use of Signs 1, 2 and 3 infringed Morley's Marks, and whether KK was jointly and severally liable with the Franchisee Defendants.

#### Average Consumer

The Judge identified two classes of average consumer:

1. Children, young people, students and families with low disposable income, paying a medium-to-low level of attention. The Judge dismissed the Defendants' argument that people with low income would pay greater attention to where they eat.

<sup>34</sup> Morley's (Fast Foods) Limited v Nathakumar & Others [2024] EWHC 1369 (IPEC)

2. Late-night and early-morning revellers who are likely tired, hungry and intoxicated. These consumers pay a low level of attention.

The Judge concluded that it would suffice for one of these classes of consumers to be confused for a likelihood of confusion to exist.

### **Do the Morley's Marks comprise a family of marks?**

The Judge reiterated that if a trade mark owner uses a family of marks with a common feature, a third party's use of a sign which shares that common feature can support the existence of a likelihood of confusion. Such a family exists in particular when the marks reproduce in full the same distinctive element with the addition of a graphic or word element differentiating them from one another (*W3 Ltd v easyGroup Ltd* [2018] EWHC 7 (Ch)).

The Judge found that the Morley's Marks were not a family of marks because the common element "Morley's" was not used in the signs complained of (and so could not support the existence of a likelihood of confusion) and the common element "M" was not sufficiently distinctive as a single letter. Although the stylised letter "M" in the Morley's and Morley's Red and White Marks was considered distinctive, the Judge noted that then the additional element would be "orley's", which appeared in both marks and so could not differentiate between them.

As a result, the Judge did not rule on the number of marks required to establish a family of marks.

### **Infringement of Morley's Red and White Mark**



**Morley's Red and White Mark**



**Sign 1**

The Judge agreed with Morley's that the Morley's Red and White Mark and Sign 1 were visually similar. The dominant feature of both signs was the brand name, both in italics and featuring the same large, stylised letter "M" as the dominant part. The similarity between the placement, font and structure of the straplines contributed to the visual similarity, as did the use of white text on a red background. Overall, despite the different brand names and the absence of "MMM" in the strapline of Sign 1, the Judge found the signs to be visually similar.

Aurally, however, the Judge found the marks to be dissimilar. Conceptually, while the brand names were dissimilar, the straplines were similar, leading the Judge to conclude that, overall, the signs were conceptually similar.

The Judge concluded that Morley's Red and White Mark and Sign 1 were similar to a medium degree. In light of this finding, the Judge found that a likelihood of confusion would exist. Relevant factors included:

- The enhanced distinctiveness of Morley's marks;
- The similarity in the get-up of Metro's and Morley's shops;
- The low degree of attention paid by the class of average consumers who visit late at night; and
- The increased similarity of the marks when Sign 1 is displayed on a lit-up fascia at night.

The Judge did not find the Defendants' evidence of an influencer noticing Metro's branding significant because he did not belong in either class of average consumer, "*being someone who is a specialist food critic for fast-food shops albeit on TikTok*". The Judge

also did not think that it was important that KK approved new Metro's shops in locations near Morley's shops, as it would be difficult to open a fast food restaurant in South London that was not near a Morley's.

On the Judge's construction of the 2018 Agreement, KK did not have consent to use Sign 1 in the course of trade. In particular, the addition of the strapline, the removal of one edge of the border, the dulling of the colour of the border from electric blue to dark blue, and the reduced spacing between the letters of "Metro's" were not reasonable modifications as they increased the similarity between the settlement sign and Morley's Red and White Mark.

As a result, KK's use of Sign 1 constituted trade mark infringement. As the Franchisee Defendants were not parties to the 2018 Agreement, their use was also infringing.

### Infringement of the Triple M Mark

Morley's also complained about the 6th Defendant and KK offering a "MMM Burger" (Sign 2) for sale at Metro's.

Since the product had to be ordered orally and the name "MMM Burger" could easily be pronounced as "Triple M Burger", the Judge found that the marks were aurally and conceptually identical (although visually dissimilar). Overall, the marks were similar to a medium-high degree.

The Judge concluded that consumers would likely be confused between Morley's Triple M Mark and Sign 2, especially in the context of a shop whose get-up closely resembles that of Morley's and where there already exists a likelihood of confusion between Sign 1 and Morley's Red and White Mark. As a result, the Judge found that the 6th Defendant and KK had infringed the Triple M Mark by use of Sign 2.

The Judge swiftly decided that there had also been infringement of the Triple M Mark by use of Sign 3 (Triple M / Triple "M") by the 5th Defendant and KK, seeing as there was identity between the marks and the goods and services covered.

### Joint and Several Liability

The Judge considered the question of joint and several liability in light of the Supreme Court's decision in *Lifestyle Equities v Ahmed* [2024] UKSC 17, according to which a joint tortfeasor must have knowledge of the essential facts which make the acts in question wrongful, regardless of whether the primary tort is a strict liability offence.

The Judge found that KK had reasonable grounds for knowing, and should have appreciated, that Sign 1 infringed Morley's Red and White Mark. The Judge found the following factors particularly persuasive:

- KK was aware of Morley's Red and White Mark and had been enjoined from using his previous "New Mawleys" brand as infringing thereof;
- Morley's had brought an action for infringement of the Morley's Red and White Mark against KK's Metro's brand previously, which had resulted in the 2018 Agreement; and
- KK deliberately developed the get-up of Metro's stores and Sign 1 to resemble the Morley's stores and Morley's Red and White Mark as closely as possible.

Accordingly, by granting licences of Sign 1 to the Franchisee Defendants, KK knowingly authorised and procured the infringements complained of in common design with them.

## Miscellaneous points

The Judge also made the following rulings:

- Morley’s was entitled to injunctive relief against those Defendants who were still using the signs.
- The defendants knew or had reasonable grounds to know that they were engaging in infringing activity. The Franchisee Defendants should have performed basic due diligence to ensure KK was entitled to sublicense the signs and KK knew that Sign 1 was different to the Settlement Sign and had reasonable grounds to know its use would be infringing. KK also knew that the Franchisee Defendants were not parties to the 2018 Agreement.
- KK’s use of the signs breached the 2018 Agreement.
- The Defendants’ counterclaim against Morley’s for breach of contract was dismissed.

## Reflections

- It is notable how much emphasis the Judge placed on the similarity of the shops’ get-up, especially given that this was a trade mark infringement case rather than passing off.
- The application of the Supreme Court’s decision in *Lifestyle Equities* illustrates that joint liability will now be practically limited to situations where the defendant has either been explicitly informed of their infringement and persists in their actions, or where proceedings have previously been brought against them on similar grounds.

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**Hafsa Babar**

Trainee Solicitor

[Email](#) | [Visit profile](#)



**Kyrana Hulstein**

Associate

[Email](#) | [Visit profile](#)

## VETSURE v PETSURE<sup>35</sup> – Second Cat-tempt

### Court of Appeal

On 2 October 2024, the Court of Appeal, led by Arnold LJ, reversed the first instance decision of Mr Ian Karen (sitting as Deputy High Court Judge) on the validity and infringement of the mark VETSURE. A summary of the first instance decision can be found in the Trade Marks Review of the Year 2023.

### Background

TVIS Limited (“**the Claimant**”) (owner of the Vetsure brand of pet insurance) initiated proceedings against Howserv Services Limited (“**the Defendant**”) (owner of the Petsure brand of pet insurance) for trade mark infringement, passing off and invalidity. At first instance, the Judge ruled that the PETSURE mark did not infringe the VETSURE mark because of the descriptive nature of the marks.

The Claimant appealed the decision, and it was allowed in respect of sections 5(2) and 10(2) of the Trade Marks Act 1994 (the “**Act**”).

<sup>35</sup> TVIS Limited v Howserv Services Limited & Others [2024] EWCA Civ 1103

### Decision

#### *Similarity between the marks*

The Claimant's argument that the first instance Judge had erred in assessing the visual and aural similarities was rejected because no error of principle on the part of the Judge had been identified. The Court emphasised that while it has become customary for first instance tribunals to use labels such as "high", "medium" or "low" to classify similarity of trade marks, this practice is not based on a legal requirement. It also noted that a high degree of visual and aural similarity does not necessarily imply a likelihood of confusion; conversely, a low degree of similarity does not preclude the possibility of confusion.

However, the Court agreed that the Judge had incorrectly concluded that the marks were conceptually dissimilar. The assessments of conceptual similarity and distinctiveness had been blurred and each ought to have been a separate consideration. While related, both elements serve different roles in trade mark evaluation: conceptual similarity considers the underlying idea behind a mark, whereas distinctiveness looks to its uniqueness or recognisability within the market.

Although the Judge explained that "VETSURE" would be understood by consumers as describing insurance for veterinary services, he provided no clarity as to what concept "PETSURE" represented. If "VETSURE" brings to mind veterinary insurance, then logically, "PETSURE" could too be understood by consumers as describing insurance for pets, suggesting considerable similarity between the marks.

The Court also highlighted that it is not necessary for a mark to be conceptually similar to generate a likelihood of confusion; visual and aural similarity alone can suffice to create confusion among consumers.

#### *Inherent Distinctive Character*

The Claimant argued that, given that the validity of the mark was not in dispute, it was not open to the Judge at first instance to conclude that the VETSURE mark lacked inherent distinctive character. The Court noted that the real issue with the Judge's assessment was that it jumped from finding that the components ("VET" and "SURE") of the mark were descriptive, to stating that the combination itself was descriptive, a conclusion which did not necessarily follow. Rather, the court found that VETSURE is an invented portmanteau and while it may allude to pet insurance, it does not describe it as such. Given the Court's comments about the conceptual meaning and consumer perception of the mark, its assessment of descriptiveness seemed quite generous to the Claimant since VETSURE is hardly a lexical invention.

The Claimant also argued that the Judge's finding as to inherent distinctiveness of the VETSURE mark was unclear. On the one hand, the Judge concluded that VETSURE was descriptive and consequently had no inherent distinctive character. On the other hand, the Judge acknowledged that VETSURE "does not have a highly distinctive character", leaving open the possibility that the mark has a moderate level of distinctive character. Considering this ambiguity, the Court made its own assessment that the mark had a low-to-medium level of inherent distinctive character.

#### *Acquired Distinctive Character*

The Claimant's second criticism focused on the inconsistency in the Judge's assessment of the acquired distinctiveness of the VETSURE mark. The Judge initially dismissed the Claimant's claim that the mark had enhanced distinctive character, but then went on to say that VETSURE had "some character acquired through use" and met the reputation threshold for extended protection under section 10(3) of the Act. The Court agreed that the Judge's

reasoning was inconsistent and found the mark to be moderately distinctive overall.

### Assessment of Actual Confusion

The Court supported the Claimant's criticisms of the Judge's assessment of the evidence of actual confusion. The Court disagreed with the Judge's dismissal of confusion examples as administrative errors, noting that this concept was not founded in case law. Rather, the Claimant's examples demonstrated relevant confusion, or at least showed that consumers viewed the marks as brand names and that the supposed conceptual difference between the marks did not avoid the potential for confusion.

Examples included:

- A Vetsure customer contacting the Claimant about her policy, expressing confusion between "Vetsure" and "Petsure" after receiving a Petsure email.
- A Petsure customer filing claims with Vetsure, mistaking them for the same brand.
- A Petsure customer calling Vetsure about her policy, attributing her confusion to the shared "-SURE" suffix.

The Court also disagreed with the Judge's view that the marks were sufficiently different to prevent confusion as the evidence showed visual and aural similarities causing mix-ups:

- A Vetsure employee followed up with a customer looking for a new policy, and when asked whether she had a quote from Vetsure, the customer replied: *"I do have a quote. Just ... I think I do, oh no I don't, no wait a minute I'm confused now [...] so you're Petsure are you?"*
- A social media post relating to the Claimant mistakenly mentioned Petsure instead of Vetsure.

The Court also found the Judge's acknowledgment of a small number of instances of confusion inconsistent with the conclusion that there was no likelihood of confusion. Examples included:

- A customer contacting Petsure about a Vetsure Pet Health Plan.
- A customer cancelling her Petsure policy after mistakenly signing up to the wrong provider, having wanted to get a Vetsure policy instead.

The Court noted that the frequency and significance of these occurrences distinguished this case from *W3 Ltd v easyGroup* [2018] EWHC 7 (Ch), in which there had been fewer instances of confusion, despite a long period of simultaneous use of the marks and significant efforts to find proof of confusion.

### Likelihood of Confusion

Given the errors in the Judge's assessment, the Court thought it necessary to re-evaluate the likelihood of confusion. The Court made the following rulings:

1. The Judge had failed to properly account for consumers' imperfect recollection, leading them to mistake PETSURE for VETSURE. The Judge also ignored the fact that no other pet insurance provider used a brand name with the suffix -SURE. At the very least, the examples of confusion showed that consumers regarded the marks as brand names and that the supposed conceptual difference between the marks did not avoid the potential for confusion.
2. The Judge had failed to consider likelihood of confusion from the perspective of consumers familiar with VETSURE, who might have been more likely to misread and/or mishear PETSURE as VETSURE. Here, the evidence showed that consumers might confuse the marks due to the visual and aural similarities between them.

3. The Judge had failed to properly apply the interdependency principle, whereby a lower degree of similarity between marks can be offset by a higher degree of similarity between goods and/or services, especially given that the services in question were identical.

Accordingly, the Court concluded that a likelihood of confusion did exist between VETSURE and PETSURE. While small differences between descriptive marks may suffice to avoid confusion, this principle did not apply here. Indeed, VETSURE is not descriptive and there was minimal overlap with other VET- prefixed or -SURE suffixed names in the market, so there was no reason to think that the average consumer of pet insurance would be alert to the difference between the marks.

As a result, the Claimant's claims under sections 5(2) and 10(2) of the Act, as well as its claim for passing off, succeeded.

### Reflections

This case serves as a useful reminder that the Court of Appeal may not only overturn a first instance decision, but also conduct a thorough re-evaluation of the evidence. The judgment offers a helpful reminder of the multi-factorial assessment required to determine a likelihood of confusion.

In particular, the Court's comment that "*trade mark law is all about consumers' unconscious assumptions*" reinforces the idea that consumer perception plays a key role in trade mark disputes, particularly where the differences between the marks are minor. The case also highlights the importance of considering the context and purpose of marks when assessing conceptual similarity. Here, the fact that veterinary costs are some of the principal expenses of pet ownership was key to the Court finding that the marks were ultimately conceptually similar.

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**Victoria Rodriguez**

Senior Associate

[Email](#) | [Visit profile](#)

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## AGA Rangemaster<sup>36</sup>

### High Court

In AGA Rangemaster Group, the High Court considered the circumstances in which brand owners will have legitimate reasons to object to post-sale upcycling/refurbishing and marketing of their branded goods.

### Background

The Claimant, a well-known manufacturer of vintage looking cookers which it had been selling since 1929 under brands including, or for, AGA, took issue with the activities of the Defendants who had developed an 'eControl system' to convert such AGA cookers from running on fossil fuel to electricity. As part of their services, the Defendants offered refurbished AGA cookers which they had obtained from trade suppliers, refurbished, and fitted with the eControl System. These cookers retained the AGA branding and looked the same as the original AGA cookers, except for the addition of the Defendants' eControl System badge in place of the original temperature gauge of the AGA cookers.

While the Claimant acknowledged that there is a legitimate aftermarket for the refurbishment and resale of AGA cookers and did not object to the Defendants supplying the eControl system to the owners of AGA cookers, they felt that the Defendants' actions when it came to the sale of complete retrofitted AGA cookers went beyond what would be permissible.

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<sup>36</sup> AGA Rangemaster Group v UK Innovations Group [2024] EWHC 1727 (IPEC)

Overall, the Claimant alleged that the extent of the changes made by the Defendants meant that the cookers were no longer the original AGA cookers and this meant that they could object to these activities. The Claimant further argued that in marketing these cookers with the AGA brands the Defendants infringed its trade marks including its AGA word marks as well as its 2D and 3D trade mark registrations.

The Claimant also alleged that the Defendants infringed its copyright but we discuss the copyright aspects of this case in our DCROTY publication.

In response, the Defendants claimed that (a) they had a defence under Section 12 of the Trade Marks Act 1994 (i.e. the exhaustion of rights defence) because the eControl Cookers were AGA Cookers that had previously been placed on the market by the Claimant or with its consent; (b) that their use of the 'AGA' word had been purely descriptive use (as opposed to use in a trade marks sense) to indicate that the eControl System could be used to "convert" genuine AGA Cookers; and (c) that the Claimant's 2D and 3D were invalid.

### **The exhaustion of rights defence**

Once branded goods have been put on to the market by the proprietor or with its consent, a reseller is typically free to resell those goods and make use of the trade mark in order to further commercialise the goods. This is often referred to as the exhaustion of a trade mark proprietor's rights, meaning that the proprietor cannot object to further dealings by third parties with those goods. However, there are exceptions as the exhaustion of rights does not apply where the proprietor has legitimate reasons for opposing such further dealings. 'Legitimate reasons' could include where the condition of the original goods had been changed or impaired, where the further dealings might seriously damage the reputation of the trade mark or, give the impression that there is a commercial

connection between the person responsible for those dealings and the trade mark proprietor.

### **Changes in the condition of the original goods and damage to reputation**

The High Court confirmed that the renovation and conversion works carried out by the Defendants to the AGA cookers per se did not give the Claimant legitimate reasons to object to the Defendants' activities.

In essence, the High Court felt that in this case the main parts of what makes an AGA cooker were genuine parts and so the extent of the changes were not such that the product had become a new or different one. New parts were fitted but to restore the appearance and functionality. Given the long lived nature of AGA cookers and second hand market, the High Court pointed out that consumers would understand that the oven may have replacement parts and consumers would not assume those to be of the same quality as the original.

Further, while converting a fossil fuel oven to an electric oven is a significant change to the condition of the AGA cooker, the change per se is not enough. There must be legitimate reasons to object to dealings with the product in that changed condition. In this case, the Claimant did not object to the Defendants' supplying the eControl system for consumers to fit to AGA cookers so the High Court concluded that it would be hard for the Claimant to object to those cookers going back into the market and, ultimately, to the Defendants fitting those cookers and selling them.

The High Court also concluded that there was not enough evidence to establish that the works carried out by the Defendants gave rise to serious damage to their reputation.

### Using the marks in a way which gave the impression of a commercial association with the Claimant

The High Court did find that the Claimant had legitimate reasons to object to the Defendants' activities based on the way in which they marketed and sold the retrofitted eControl cookers which would have given the impression to consumers of a commercial association with the Claimant.

The High Court noted that if this case had just been about refurbishment or conversion works then it is unlikely that consumers would have gotten that impression. The second hand market would indicate to consumers that the products may have been refurbished and ultimately they would not have a particular reason to think this was linked to the Claimant.

However, the way in which the Defendants had marketed the products is what made the difference in this case as they offered consumers to buy an 'eControl AGA', with a warranty and in a range of different colours. This would have given consumers the impression that what was being offered was an AGA product. Consequently, the Defendants were found to have infringed the Claimant's trade marks .

The High Court also held that the "AGA" word marks were not used by the Defendants descriptively but rather as a badge of origin. Consequently, the Defendants could not rely on a defence in that respect. The Defendants were also unsuccessful in their invalidity counterclaims regarding the Claimant's 2D and 3D marks.

Interestingly, the High Court confirmed that the Defendant's use of the ovens' 3D shapes infringed the Claimants' 2D marks although the decision does not discuss this aspect in detail.

### Reflections

1. **The refurbishment and conversion of branded goods will not always constitute a legitimate reason to overcome the exhaustion hurdle** – the circumstances of each case will mean that there will be instances where the refurbishment of goods will not necessarily lead to infringement. If the changes made by third parties are such that the original product becomes a new one, then that may give the brand owner legitimate reasons to object. However, if the changes had the effect of restoring the original appearance and functionality of the product, that would make it harder for brand owners to object unless the changes resulted in damage to their reputation which they will need to prove.
2. **Brand owners can object to the way in which exhausted goods (second hand or refurbished goods) are marketed** – while the resale and marketing of exhausted products is permissible, if the resold/ refurbished products are being sold and/ or marketed in a way which suggests a commercial link with the trade mark owner, then that constitutes a legitimate reason to object to those further dealings. Dealers of exhausted goods should therefore be careful with the way in which they offer and market these products.

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## Acquiescence defence



**Saaïra Gill**

Senior Associate

[Email](#) | [Visit profile](#)

### Vintae Luxury Wine Specialists SLU v EUIPO<sup>37</sup>



#### Background

The Applicant, Vintae Luxury Wine Specialists SLU, obtained an EUTM registration in 2008 for the above figurative mark in respect of alcoholic beverages in class 33 and the commercial retailing and wholesaling of alcoholic beverages in class 35.

Grande Vitae GmbH (the Intervener) filed an invalidity application in July 2020, basing it on two earlier trade mark registrations, one German and one EU, both for the word mark VITAE covering alcoholic beverages in class 33.

The Applicant claimed that Grande Vitae had acquiesced in the Applicant's use of the contested mark. Both the Cancellation Division and the Board of Appeal granted the invalidity application and the Applicant subsequently appealed to the General Court.

## Decision of the General Court

The Applicant's first plea, namely infringement of Article 8(1)(b), was dismissed on the basis that no line of argument had been put forward. The Court therefore focussed on the question of whether there had been acquiescence, reiterating the 4 conditions that must be satisfied, namely:

1. The later trade mark must be registered
2. The application must have been made in good faith
3. The later trade mark must be used in the member state where the earlier mark is protected
4. The proprietor of the earlier mark must be aware of the use of that trade mark after its registrations.

The Court also noted that the acquiescence clock starts from when the proprietor of the earlier mark becomes aware of the later mark being used, and that the later proprietor must submit evidence of an actual awareness of use. For the latter the Court clarified that the earlier proprietor should have acquiesced "intentionally" or "in full knowledge of the facts". Therefore potential awareness, or the fact that the earlier proprietor could or should be aware of the later mark is insufficient.

The Court agreed with the Board of Appeal that the Applicant's evidence was not sufficient to establish that Grande Vitae had been aware of the contested use of the mark for a period of five years prior to July 2020, the invalidity application date.

<sup>37</sup> Vintae Luxury Wine Specialists SLU v EUIPO Case T-136/23 General Court  
6 November 2024

The Applicant had submitted evidence concerning awards won by both parties in the 2015 edition of “the Berliner Wine Trophy” and the media coverage accompanying those awards. The Court noted that even if it could be established that there was considerable media coverage as claimed by the Applicant, this could not, of itself, establish actual awareness of the mark, as it would be contrary to established case law and would amount to presuming actual awareness based on general knowledge in the ‘Berliner Wine Trophy’ wine sector.

With regard to the evidence concerning attendance at the annual ProWein wine trade fair, the Court agreed with the Board that the evidence did establish that the Applicant had attended the trade fair in 2011 to 2015. However, although the evidence showed that Grande Vitae had participated in the 2015 edition of the trade fair, this in itself was not sufficient to establish awareness, particularly given the scale of the fair. The Court confirmed that the Board of Appeal did not make an error of assessment in finding that the evidence submitted by the applicant was insufficient to demonstrate that Grande Vitae had actual awareness of the contested mark .

### Reflections

This case serves as a reminder that the threshold to establish acquiescence is high and that evidence of knowledge is essential. A presumption of knowledge based on obvious use of the later mark is not enough.

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### Passing off



**[Victoria Rodriguez](#)**

Senior Associate

[Email](#) | [Visit profile](#)

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### **Athleta (ITM) Inc. v Sports Group Denmark A/S and another (2024)**<sup>38</sup>

#### High Court

The High Court’s ruling on *Athleta (ITM) Inc. v Sports Group Denmark A/S and another (2024)* gave helpful insights relating to the assessment of confusion, overall impression and genuine use following the Supreme Court’s decision in *Lifestyle Equities CV and Anor v Amazon UK Services*<sup>39</sup> (reported also in this Brands Review of the Year edition).


In this case the Claimant, a US athleisure brand owned by Gap Inc, brought a claim against Sports Group Denmark and one of their retailers (together referred to as the ‘Defendants’) for trade mark infringement. The Claimant argued that the Defendants’ use of the signs ATHLECIA and composite marks including the word ATHLECIA plus a logo for clothing, amongst other goods, constituted passing off and infringed their UK trade mark registrations for ATHLETA and for composite marks including ATHLETA plus their own logo protected for clothing, amongst other goods.

The most relevant marks that were the subject of the comparison are shown below for reference:

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<sup>38</sup> *Athleta (Itm) Inc. v Sports Group Denmark A/S, Jarrold & Sons Limited* [2024] EWHC 2449 (Ch)

<sup>39</sup> *Lifestyle Equities CV and Anor v Amazon UK Services Ltd and Ors* [2024] UKSC 8 EWHC 2449 (Ch)

ATHLETA Marks	ATHLECIA Signs
ATHLETA	ATHLECIA
 ATHLETA	
	ATHLECIA
	 ATHLECIA

### Invalidity counterclaim

The Defendants counterclaimed that the Claimant's registrations for, or including, ATHLETA ought to be declared invalid pursuant to Sections 3(1)(b) and 3(1)(c) of the Trade Marks Act 1994 ('the Act') as they are devoid of distinctive character and/or consist exclusively of signs which designate the intended purpose of the goods and services for which they are registered.

The Court rejected this counterclaim on the basis that there was no evidence put forward on the understanding of consumers from the time when the registration was filed nor any evidence at all to suggest that ATHLETA is, or has ever been, considered to describe the goods for which the ATHLETA marks are registered and/or that it is devoid of distinctiveness. While the evidence included examples of how the words 'athlete' and 'athleisure' are used, none of the examples suggested that 'athleta' is or was used as a descriptor of the relevant goods/services. The Court further concluded that, even though the word athleta alludes to athlete, it is nevertheless a coined term not devoid of distinctive character.

### Revocation for non-use counterclaim



The Court applied the Supreme Court's decision Lifestyle Equities CV by analogy to confirm that use of a trade mark via a foreign website could be considered genuine use of a trade mark registration as long as consumers accessing the site considered the same is targeted at them.

Interestingly, while the Claimants made around USD 60,000 worth of sales to the UK/EU each year during a 4 year period, the Court felt that use through the US website was not enough as the evidence did not show 'targeting' of UK consumers.

Nevertheless, the Court considered that there was sufficient evidence of use to maintain the ATHLETA word mark for clothing, bags and headgear and the ATHLETA combination mark for clothing on the basis of sales made through retail stores in the UK.

### Infringement - ATHLETA vs ATHLECIA (word marks)

While the Court found that there were visual, aural and conceptual similarities between the words ATHLETA and ATHLECIA, it also took into consideration that the distinctiveness of the word ATHLETA was weak in the context of athletics wear. The key issue was that the similarity between the marks lay in a common element which had a weak distinctive character. In this case the common element was the prefix 'ATHLE' which would be perceived as referring to athletics. Therefore consumers would pay close attention to the suffixes of the marks in question and this would enable them to distinguish the marks.

ATHLETA vs ATHLECIA

### Infringement

When it came to the above combination marks the Court came to a different conclusion and held that the roundels impacted the overall assessment. This is because the placement and similarity of the roundels would increase the risk of consumer confusion. This was the conclusion notwithstanding the fact that the word marks in these composite marks were not considered confusingly similar. What made the difference here was the overall composition comparison as both marks contained additional elements which were not negligible.

### Passing off

While the Claimant proved that it had goodwill in the ATHLETA word mark for clothing, the Court did not consider that a substantial proportion of the public would be misled by the Defendants' use of any of the ATHLECIA marks. The basis for this conclusion was the same as for rejecting infringement between the word marks.

The Court held that there was not sufficient use of the ATHLETA combination mark in the UK to establish goodwill.

### Reflections

- **Consider all elements when assessing risk:** while the word marks were not considered confusingly similar in this case, the Claimant succeeded in establishing that there was a risk of confusion when it came to the use of the composite marks as they gave a very similar overall impression. All in all, it is essential to consider all the elements that form part of the marks being compared not just the words in the composition.
- **Choose your brand carefully:** distinctiveness is intimately tied to the scope of protection afforded by a trade mark. The weaker the mark, the narrower the scope of protection. This is a factor that ought to be considered before adopting a given trade mark.

- **Application of the principles of targeting to establish genuine use:** use of marks through a foreign website will likely not be enough to establish use unless consumers in the UK considered that the site was targeting them. Interestingly the decision omits discussing 'actual sales' of goods through a website that did not target consumers but it sold to them as per the Court of Appeals earlier decision in Lifestyle Equities. The position on this later aspect remains unclear.

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## Licences



**Sally Dunstan**

Of Counsel

[Email](#) | [Visit profile](#)

### Virgin Aviation TM Limited and Virgin Enterprises Limited v Alaska Airlines Inc. (formerly Virgin America Inc.)<sup>40</sup>

#### Court of Appeal

The Court of Appeal has upheld a decision of the High Court regarding the scope of a royalties clause in a trade mark licence agreement between two entities within the Virgin Group (“**Virgin**”), and Alaska Airlines (“**Alaska**”, formerly Virgin America). The Court agreed that Alaska was obliged to pay an annual minimum royalty to Virgin, regardless of whether it actually used the licensed marks.

#### Background

In 2014, Virgin America amended its 2007 licence agreement with Virgin to enter into a 25 year licence for the use of various VIRGIN marks. Virgin America was subsequently acquired by and merged with Alaska, and had ceased to use the Virgin name by the end of May 2019. It ceased paying royalties in July 2019. After a claim for breach by Virgin, the High Court considered that the terms of the licence agreement were clear that a minimum royalty set initially at \$8 million was due each year, regardless of the level of usage. In effect, it was a flat fee for the right to use the brand, regardless of use. Please see our 2023 Trade Marks Review of the Year for more details.<sup>41</sup> This decision was appealed by Alaska.

Clause 3.7 of the licence stated that, notwithstanding any other provision, nothing in the licence would prohibit the licensee performing the licensed activities (including operating flights) without payment of royalties, so long as it did not use the licensed marks while doing so. Alaska argued that this overrode the minimum royalty provision. This provision had been inserted in accordance with US Department of Transport (“**DOT**”) requirements, to ensure Virgin America was considered a “citizen of the US”, free to operate independently of Virgin, a “foreign citizen”.

#### Decision

The Court of Appeal unanimously dismissed the appeal and considered the High Court’s interpretation of the licence to be correct. A minimum royalty applied even if the Virgin marks were not used, despite clause 3.7. The Court held that all provisions of the licence (which, as noted by the Judge, was professionally drafted) must be read together to understand the overall meaning. A provision can only be given prominence over another “*to the extent that there would be an inconsistency or conflict between that provision and another.*” In this case, clause 3.7 does not provide that Alaska can cease use of the brand, particularly as clause 3.6 requires Alaska to continue use, and must be read consistently in accordance with the remainder of the licence.

The factual matrix was considered to support that interpretation, as the minimum royalty was introduced by a subsequent amendment and the parties would not have intended this to be defeated by a re-brand, with Virgin receiving no recompense for a 25 year tie up of its ability to licence the mark.

<sup>40</sup> [2024] EWCA Civ 622, 11 June 2024

<sup>41</sup> [https://www.bristows.com/app/uploads/2024/03/Trade-Marks-Review-of-the-Year\\_final-1.pdf](https://www.bristows.com/app/uploads/2024/03/Trade-Marks-Review-of-the-Year_final-1.pdf)

### Reflections

The Judge noted that, before the High Court, a great deal of evidence and time was devoted to the background, formation and terms of the licence, and the DOT involvement, when the case involved “*a straightforward issue of contractual interpretation*”. He recommended that, in future cases, parties and judges both take particular care to focus on the contract and detailed analysis of its terms.

The case is a useful example for how to interpret trade mark licences and focus the evidence. It also provides a salient lesson for long term licences, highlighting the need to build in mechanisms for changes in circumstance.

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### Conversion of EUTMS



**Sarah Husslein**

Senior Associate

[Email](#) | [Visit profile](#)

The EUIPO Grand Board issued an opinion in October 2024 and confirmed that the conversion of an EUTM application into national trade mark applications in the EU Member States, cannot be excluded on the basis of a decision refusing the EUTM application in ex parte or inter partes proceedings where the EUTM application is subsequently withdrawn before the refusal could take effect (i.e. has not yet become final). A decision becomes final once the deadline for appeal has passed without an appeal being filed.

This means that an applicant may withdraw the EUTM application during the appeal period of a decision. As a consequence, the examination proceedings become devoid of purpose and the refusal decision never ‘takes effect’ (i.e. never becomes final). The withdrawal of the EUTM application therefore activates the possibility of requesting a conversion.

The EUIPO will now need to amend its Guidelines.

### What does this mean in practice?

For EU Applicants, it will be much easier and cheaper to convert their refused EU application. There is no need to first file an Appeal.

In the case of a provision refusal from the EUIPO Examiners, previously, Applicants had to either withdraw immediately and apply to convert to avoid the risk of a final refusal or risk replying to the Examiner and getting a final refusal necessitating an Appeal to keep conversion options alive, paying the Appeal fee and then withdrawing and converting. Now, even if the EUIPO confirms the refusal, the Applicant can still withdraw and convert without appealing.

For opposition, if the opposition was based on an EUTM, conversion was only possible if an appeal against the decision was filed, and then the EU application withdrawn and a conversion application filed. Following NIGHTWATCH's confirmation, if the opposition is successful and the EUTM rejected, if the EU applicant does not want to appeal, they can now withdraw the application in the two months following the decision and apply to convert in all member states, **even** those countries where the decision confirmed confusion.

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## Brands, Designs and Copyright team



**Jeremy Blum**  
Partner



**Simon Clark**  
Partner



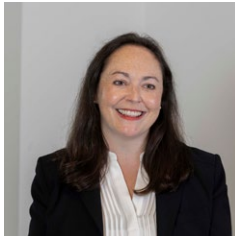
**Ian Gruselle**  
Partner



**Nellie Jackson**  
Partner



**Paul Jordan**  
Partner



**Sally Dunstan**  
Of Counsel



**Toby Headdon**  
Of Counsel



**Jennifer Noel**  
Of Counsel



**Stephanie Taylor**  
Of Counsel



**Jerome Coulonvaux**  
Senior Associate



**Saaira Gill**  
Senior Associate



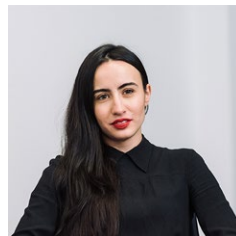
**Tim Heaps**  
Senior Associate



**Sarah Husslein**  
Senior Associate



**Sean Ibbetson**  
Senior Associate



**Victoria Rodriguez**  
Senior Associate

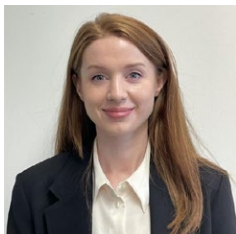
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Our Brands, Designs and Copyright team is made up of partners, solicitors, trade mark attorneys, trainee solicitors, paralegals and formalities clerks, including lawyers qualified to act within the European Union and other countries.

## Brands, Designs and Copyright team



**Kyrana Hulstein**  
Associate



**Jessica des Landes**  
Trainee Trade Mark Attorney



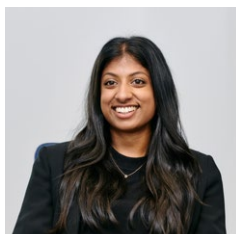
**Marc Linsner**  
Associate



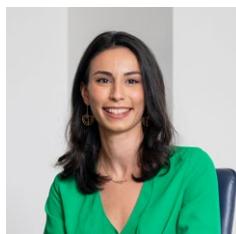
**Angelica Martellato**  
Trade Mark Attorney



**Jake Palmer**  
Associate



**Dhara Reddy**  
Associate



**Shereen Semnani**  
Associate



**Trecina Sookhoo**  
Associate



**Sara Witton**  
Associate

### Formalities and Paralegal Team:

**Nayna Chunilal**

Senior Trade Mark Paralegal

**Louisa Gavrielides**

Trade Mark Paralegal

**Haydn Lambert**

Senior Trade Mark Paralegal

**Becca Lubang**

Trade Mark Paralegal

**Sophie May**

Senior Trade Mark Paralegal

**Grace Morris**

Trade Mark Paralegal

**George Myers**

Trade Mark Paralegal

**Julie Myers**

Senior Formalities Paralegal

**Andressa Pimentel**

Senior Trade Mark Paralegal

**Emma Rumens**

Senior Trade Mark Paralegal



**Bristows LLP**  
100 Victoria Embankment  
London EC4Y 0DH  
T +44 20 7400 8000

Bristows Brussels  
Avenue des Arts 56  
1000 Bruxelles

[bristows.com](http://bristows.com)

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