

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE
CHANCERY DIVISION (INTELLECTUAL PROPERTY)
COMMUNITY TRADE MARK COURT

The Hon Mr Justice Mann
[2010] EWHC 2035 (Ch)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 15/10/2014

Before:

THE LORD CHIEF JUSTICE OF ENGLAND AND WALES
LADY JUSTICE BLACK
and
LORD JUSTICE KITCHIN

Between:

- (1) Specsavers International Healthcare Ltd
(2) Specsavers BV
(3) Specsavers Optical Group Ltd
(4) Specsavers Optical Superstores Ltd

Claimants /
Appellants

- and -

Asda Stores Ltd

Defendant /
Respondent

-and-

Registrar of Trade Marks

Intervener

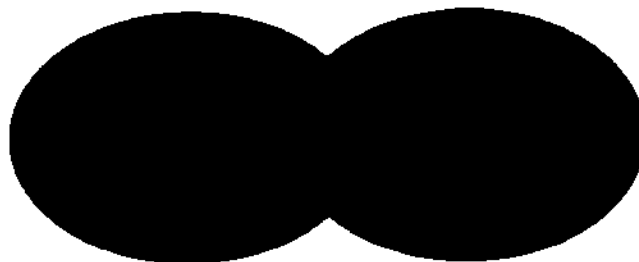
James Mellor QC (instructed by HGF Law) for the Appellants/Claimants
Charlotte May QC (instructed by the Treasury Solicitor) for the
Intervener

Hearing date: 29 July 2014

Approved Judgment

Lord Justice Kitchen:

1. This judgment follows the resumption of the hearing of this appeal by the claimants (collectively “Specsavers”) against those parts of the order of Mann J dated 6 October 2010 whereby he declared that certain aspects of the marketing campaign conducted by the defendants (“Asda”) did not infringe Specsavers’ registered trade marks and ordered that one of those trade marks, Community trade mark No.1358589 (the “Wordless logo” mark), be revoked. Asda cross-appealed against the one finding of infringement made by the judge.
2. The appeal originally came on for hearing before us in October 2011. In our judgments of 31 January 2012 ([2012] EWCA Civ 24) we decided various issues but came to the conclusion that a number of questions concerning the correct interpretation of Articles 9(1)(b) and (c), 15 and 51 of Council Regulation (EC) No 207/2009/EC (“the Regulation”) needed to be referred to the Court of Justice of the European Union under Article 267 TFEU. The Court has replied by its judgment of 18 July 2013 (Case C-252/12).
3. Specsavers and Asda have now settled the dispute between them on terms which are confidential. They have, however, agreed that Specsavers are at liberty, at their own expense, to pursue their appeal against the order that the Wordless logo mark be revoked. Accordingly that is the only issue which remains to be resolved on this appeal. This now being an appeal with no respondent, and in accordance with the practice explained by this court in relation to patents in *Halliburton Energy Services Inc’s Patent* [2006] RPC 26, we directed that Specsavers must inform the Registrar of Trade Marks of the order they would be inviting this court to make; we invited the Registrar to consider whether he was able to assist this court, and for that purpose gave him permission to intervene; and we directed that Specsavers must pay to the Registrar his costs of any such intervention. The Registrar has intervened and has been represented at this hearing by Miss Charlotte May QC. She has properly recognised that the Registrar’s role is to protect the public interest by intervening to the extent necessary to prevent invalid trade marks being restored to the Register and she has assisted us considerably by rehearsing the counter-arguments to Specsavers’ appeal, while at the same time maintaining a balanced view consistent with the Registrar’s position. We are most grateful for the assistance that she and the Registrar have provided to us.
4. The Wordless logo mark is set out in Appendix 1 to our original decision and is registered in respect of spectacles and opticians’ services and the like. It looks like this:



5. The mark appears in this image in black. It is, however, registered without any colour limitation and so is registered in respect of all colours, as this court explained in *Phones 4u Ltd v Phone4u.co.uk Internet Ltd* [2006] EWCA Civ 244, [2007] RPC 5 at paragraph [70].
6. It will also be recalled from our original decision that, at trial, Asda sought the revocation of this mark on the ground of non-use. In that connection it relied upon Articles 15 and 51 of the Regulation which read, so far as relevant:

“Article 15

Use of Community trade marks

1. If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.

The following shall also constitute use within the meaning of the first sub paragraph:

- (a) use of the Community trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered.

Article 51

Grounds for revocation

1. The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings:
 - (a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use ...”
7. Specsavers relied in answer to the claim for revocation, not upon use of the Wordless logo as such, but upon use of the Specsavers logo (also referred to as the “Shaded logo” mark), a representation of which is set out in paragraph [2] of our original decision, but which, for convenience, I reproduce below:



8. Specsavers argued that use of the Shaded logo mark also constituted use of the Wordless logo mark. Mann J did not agree. He considered that the matter was covered by Article 15 of the Regulation and decided that, to the average consumer, the addition of the word Specsavers altered the distinctive character of the Wordless logo mark and so the use of it could not be relied upon.

9. At the hearing of the appeal before us in October 2011, Mr James Mellor QC argued that the judge had fallen into error because there was ample evidence before him that the overlapping ovals in the Shaded logo mark had an independent distinctive role and that use of that logo mark therefore constituted use of the Wordless logo mark too. This seemed to us to raise two issues, as we explained at paragraph [170] of our decision:

“170. The second alleged use raises two issues, one of fact and the other of law. The factual issue is whether the Wordless logo mark is distinctive of Specsavers through use of the Shaded logo marks; or, in other words, whether the average consumer recognises the Wordless logo mark when he sees the Shaded logo mark. The legal issue is whether the use of the Shaded logo mark therefore constitutes use of the Wordless logo mark.”

10. I return to the factual issue a little later. As for the legal issue, this raised a question as to whether the requirement of genuine use imposed by Articles 15 and 51 of the Regulation can be satisfied if a Community figurative mark is used only with a word mark imposed over it. This was a matter in relation to which, for the reasons we elaborated from paragraphs [174] to [181], we considered that the jurisprudence of the Court of Justice was not entirely consistent. We therefore came to the conclusion that we required the assistance of the Court on the following questions:

“1. Where a trader has separate registrations of Community trade marks for

- (i) a graphic device mark;
- (ii) a word mark;

and uses the two together, is such use capable of amounting to use of the [figurative] mark for the purposes of Articles 15 and

51 of Regulation 207/2009? If yes, how is the question of use of the graphic mark to be assessed?

2. Does it make a difference if:

(i) the word mark is superimposed over the [figurative element]?

(ii) the trader also has the combined mark comprising [the figurative element] and [the] word mark registered as a Community trade mark?

3. Does the answer to [the first and second questions] depend upon whether the graphic device and the words are perceived by the average consumer as [on the one hand] being separate signs; or [on the other hand] each having an independent distinctive role? If so, how?"

11. We also sought the assistance of the Court of Justice on two further questions which are no longer directly relevant to this appeal because they concerned the allegation of infringement of the Wordless logo mark and, following the settlement of the dispute between Asda and Specsavers, this issue has fallen away. Nevertheless, these questions and the Court's answer to them provide further context for the issue which remains to be decided and so I should say just a little about them.

12. Specsavers argued at trial that in assessing the likelihood of confusion and whether Asda had taken unfair advantage of the repute of the Shaded logo mark, it was permissible to take into account the enhanced reputation Specsavers enjoyed in the colour green. Asda responded that this was not permissible because colour is not a feature of the registration. The judge preferred Asda's submissions on this point and was not prepared to attach any significance to the Specsavers' reputation in the colour green in carrying out the global appreciation test. We expressed the preliminary view (at paragraphs [89] to [96] and [182] to [185] of our original decision) that the judge had fallen into error on this point but we thought the matter was not clear and so asked the Court of Justice the following further questions:

"4. Where a Community trade mark is not registered in colour, but the proprietor has used it extensively in a particular colour or combination of colours such that it has become associated in the mind of a significant portion of the public (in a part but not the whole of the [European Union]) with that colour or combination of colours, is the colour or colours with which the defendant uses the sign complained of relevant in the global assessment of [either the] likelihood of confusion under Article 9(1)(b) [of Regulation 207/2009], or unfair advantage under Article 9(1)(c) of [that regulation]? If so, how?

5. If so, is it relevant as part of the global assessment that the defendant itself is associated in the mind of a significant portion of the public with the colour or particular combination of colours which it is using for the sign complained of?"

13. In its judgment and answer to the first three questions, the Court of Justice pointed out first, that the superimposition of the word “Specsavers” over the Wordless logo mark changes the form of the mark because parts of the mark are hidden by the word. However, the Court continued, it follows from the wording of Article 15 that the use of a mark in a form which differs from the form in which it is registered is nevertheless considered as use of the registered mark to the extent that its distinctive character is not altered.
14. Turning to the assessment of the distinctive character of a registered trade mark, the Court reiterated (at paragraph [22]) that, in accordance with well established principles, the mark must serve to identify the product in relation to which it is used as a product originating from a particular undertaking, and so distinguish that product from those of other undertakings. It then explained that the distinctive character of a mark might be the result of its use as part of or in conjunction with another mark:
 - “23. That distinctive character of a registered trade mark may be the result both of the use, as part of a registered trade mark, of a component thereof and of the use of a separate mark in conjunction with a registered trade mark. In both cases, it is sufficient that, in consequence of such use, the relevant class of persons actually perceive the product or service at issue as originating from a given undertaking (see, by analogy, Case C-353/03 *Société des Produits Nestlé SA v Mars UK Ltd* [2005] E.C.R. I-6135, paragraph 30).”
15. The Court then reasoned as follows in relation to the particular circumstances of this case:
 - “24. It follows that the use of the wordless logo mark with the superimposed word sign “Specsavers”, even if, ultimately, it amounts to a use as a part of a registered trade mark or in conjunction with it, may be considered to be a genuine use of the wordless logo mark as such to the extent that that mark as it was registered, namely without a part of it being hidden by the superimposed word sign “Specsavers”, always refers in that form to the goods of the Specsavers group covered by the registration, which is to be determined by the referring court.”
16. If the Wordless logo mark does refer to the goods of Specsavers, it matters not that the word Specsavers and the combination of the Wordless logo and the word Specsavers (that is to say, the Shaded logo) are themselves registered, as emerges clearly from paragraphs [25] to [27]:
 - “25. That conclusion is not affected by the fact that the word sign ‘Specsavers’ and the combination of the wordless logo with the superimposed word sign ‘Specsavers’ are also registered as Community trade marks.
 26. The Court has already held that the condition of genuine use of a trade mark, within the meaning of Article 15(1) of Regulation 207/2009, may be satisfied where the trade

mark is used only through another composite mark, or where it is used only in conjunction with another mark, and the combination of those two marks is, furthermore, itself registered as a trade mark (see, to that effect, Case C-12/12 *Colloseum Holding AG v Levi Strauss & Co* [2012] ECR I-0000, paragraphs 35 and 36).

27. Moreover, the Court has also held, in relation to Article 10(2)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p.1), which provision corresponds, in essence, to the second subparagraph of Article 15(1)(a) of Regulation 207/2009, that the proprietor of a registered trade mark is not precluded from relying, in order to establish use of the trade mark for the purposes of that provision, on the fact that it is used in a form which differs from the form in which it was registered, without the differences between the two altering the distinctive character of that trade mark, even though that different form is itself registered as a trade mark (Case C-553/11 *Rintisch v Eder* (C-553/11) [2012] ECR I-0000, paragraph 30).”

17. The Court therefore answered the first three referred questions in these terms:

“31. In view of all the foregoing considerations, the answer to the first three questions is that Article 15(1) and Article 51(1)(a) of Regulation 207/2009 must be interpreted as meaning that the condition of “genuine use”, within the meaning of those provisions, may be fulfilled where a Community figurative mark is used only in conjunction with a Community word mark which is superimposed over it, and the combination of those two marks is, furthermore, itself registered as a Community trade mark, to the extent that the differences between the form in which that trade mark is used and that in which it was registered do not change the distinctive character of that trade mark as registered. ”

18. The Court then addressed the fourth and fifth questions and reiterated some basic principles from its earlier jurisprudence, including (at paragraph [35]) that the global assessment of the likelihood of confusion must be based upon the overall impression given by the marks bearing in mind their distinctive and dominant components. Further, and importantly, the perception of the marks by the average consumer plays a decisive role in the global appreciation of the likelihood of confusion. It continued (at paragraph [36]) and again in accordance with its well established case-law, that the more distinctive the registered trade mark the greater the likelihood of confusion.

19. Against this background, the Court explained (at paragraphs [37] to [40]) that, where a mark is registered in black and white, the colour in which it is in fact used does affect how it is perceived, and that the colour may become associated with the mark, and so it would not be logical for it not to be taken into account in carrying out the

global assessment, whether under Article 9(1)(b) or (c). The point emerges clearly in relation to Article 9(1)(b) from paragraphs [37] to [38]:

“37. At the very least where there is a trade mark which is registered not in a particular colour or characteristic, but in black and white, the colour or combination of colours in which the trade mark is later used affects how the average consumer of the goods at issue perceives that trade mark, and it is, therefore, liable to increase the likelihood of confusion or association between the earlier trade mark and the sign alleged to infringe it.

38. In those circumstances, it would not be logical to consider that the fact that a third party, for the representation of a sign which is alleged to infringe an earlier Community trade mark, uses a colour or combination of colours which has become associated, in the mind of a significant portion of the public, with that earlier trade mark by the use which has been made of it by its proprietor in that colour or combination of colours, cannot be taken into consideration in the global assessment for the sole reason that that earlier trade mark was registered in black and white.”

20. The Court therefore answered question four in these terms at paragraph [41]:

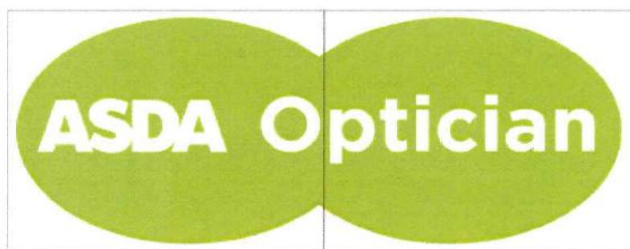
“41 In view of the above, the answer to the third question is that Article 9(1)(b) and (c) of Regulation 207/2009 must be interpreted as meaning that where a Community trade mark is not registered in colour, but the proprietor has used it extensively in a particular colour or combination of colours with the result that it has become associated in the mind of a significant portion of the public with that colour or combination of colours, the colour or colours which a third party uses in order to represent a sign alleged to infringe that trade mark are relevant in the global assessment of the likelihood of confusion or unfair advantage under that provision. ”

21. In just the same way, the Court considered it would potentially be relevant to the global appreciation analysis that a defendant was itself associated with the colour of the accused marks, and that this might reduce the likelihood of confusion or association, and it answered question five accordingly.

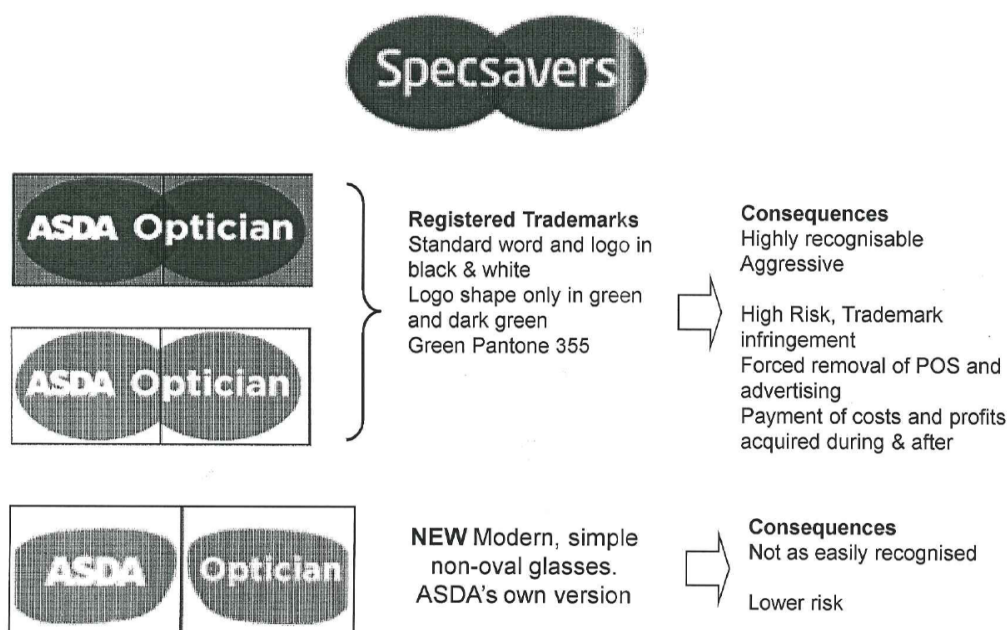
22. Reverting now to the particular issue before us, in my judgment it follows from all of the foregoing that the national court is required to consider the use which has been made and to ask itself whether the differences between the form in which the mark has been used and that in which it is registered do not change the distinctive character of the mark as registered. In carrying out that exercise the court may ask whether the use relied upon is such that the trade mark as registered (here the Wordless logo mark) serves to identify the goods or services as those of a particular undertaking (here the Specsavers group). Put another way, if the mark as registered (here the Wordless logo mark) is used only as part of a composite mark (here the Shaded logo

mark), the use must be such that the mark as registered is itself perceived as indicative of the origin of the goods or services. Moreover, it is permissible to take into consideration that the mark has always been used in a particular colour in so far as this affects how the mark is perceived by the average consumer.

23. I think it is fair to say that use by Specsavers of the Shaded logo mark does not seem to be a very promising basis for an argument that they have also used the Wordless logo mark. The word Specsavers is distinctive and appears in prominent letters in a contrasting colour across the centre of the mark. Nevertheless, as the Court of Justice has explained, consideration must be given to all of the use that has been made of the Shaded logo mark, and to the perception of the average consumer. In the particular circumstances of this case there is, perhaps unusually, powerful evidence of both.
24. First, there can be no doubt that Specsavers have made very substantial use indeed of the Shaded logo mark over many years. Their business began in 1984 and, at the time of the activities complained of, was conducted through over 630 optical stores throughout the United Kingdom with a turnover of around £1 billion per annum, making it the market leader with a market share of about 40%. Since about 1995, Specsavers have made extensive use of the Shaded logo mark in all aspects of their business. It has been used on signs outside and inside the stores and on nearly all in-store materials. It has also been used very extensively in all aspects of Specsavers' advertising and marketing and promotional activities. These have included advertisements on billboards, in newspapers and magazines, on television, in direct mail materials and on the internet. In 2009 around £45 million was spent on advertising, with in excess of £13 million spent on advertising on television. These advertisements are always striking and often funny, with the result that Specsavers have won many prizes, such as, in 2003 and 2005, the Retail Week "Marketing Campaign of the Year" award and, in 2006, the Marketing Society Award for marketing excellence.
25. Second, it is a particular feature of this business that none of the major competitors of Specsavers has a logo which is remotely similar to the Shaded logo mark or the Wordless logo mark. The judge had before him in the evidence of Mr Richard Holmes the marketing director of Specsavers Optical Group, the third claimant, reproductions of the logos of Boots Opticians, Optical Express, Dollond and Aitchison and Vision Express, and each of them is quite different from the Shaded logo mark and the Wordless logo mark. This is not a case in which it can be said that Specsavers are seeking to secure for themselves a monopoly in a relatively banal or commonly used background. Indeed Dame Mary Perkins, one of the founders of Specsavers, explained in her evidence that she chose the Wordless logo mark, comprising as it does overlapping ellipses, precisely because she felt it was more abstract than either a pair of glasses or an image of two eyes, and so would be immediately recognisable by the public as denoting Specsavers.
26. Third, we explained in some detail in our original decision the way in which Asda developed the campaign which led to the commencement of these proceedings, as did the judge. The relevant sections of our decision and that of the judge must be considered as a whole but for present purposes I would draw particular attention to the following. In September 2009 Checkland Kindleysides sent to Asda the following logo, described as "Logo 1 most like Specsavers":



27. An internal Asda note described this as “Asda version of Specsavers – rip off”. This and other variations were presented to Ms Katherine Patterson, the Director of Marketing Communications, who told Mr Langrish-Dixon, the Buying Manager for Asda Opticians and who led the campaign until shortly before its launch, that he ought to get legal clearance for what was being proposed.
28. Then, on 17 September 2009, a meeting took place attended by Mr Bendel, the Chief Marketing Officer, Mr Langrish-Dixon and Ms Pritchard, the Marketing Manager in the optical department. At that meeting Mr Langrish-Dixon presented some further mock-ups he had prepared. We reproduced these in our original decision but I set them out again here:



29. We summarised the evidence of Mr Langrish-Dixon about his comments in our original decision in these terms:

“30. Mr Langrish-Dixon was cross-examined about his comments and it is evident from [45] of the judgment that the judge did not find his explanation entirely satisfactory. In particular, he did not really answer the question: “Not as easily recognisable as what?” in relation to the third proposed logo. The judge concluded that he was trying to avoid saying that the third logo was not so easily recognised as Specsavers because he did not want to reinforce the link to Specsavers too much in

his evidence and that the slide showed that the whole design process started with a Specsavers logo and involved Asda moving what it thought was a safe distance away from it.”

30. Finally, on 23 September the Asda team presented to Mr Bendel these three options:



31. As we explained in our original decision, the first of these logos, referred to as Option 1, was described as the “Specsavers Logo”. The second logo, referred to as Option 2, was described as being “close to Specsavers”. The third logo, referred to as Option 3, was described as “Alternative logo – our own version”.
32. Miss May properly reminded us that, at the end of the day, Asda did not seek or intend to cause confusion. That is true but, as Mr James Mellor QC, who has appeared once again on behalf of Specsavers, pointed out in response, it started off with what was, in effect, the Wordless logo mark and then sought to move what it considered to be a safe distance away, and ultimately it did that by moving the elipses apart until they were just touching. This raises a strong inference that it was all too well aware that the Wordless logo mark denotes Specsavers, even with the words “ASDA Optician” written across it. But the evidence goes a good deal further than that and, in my judgment, confirms that inference is correct for Asda said in terms that such a logo (that is to say, the Wordless logo with the words “ASDA Optician” written across it) would have been a “rip off”, “highly recognisable” and “the Specsavers logo”. No other explanation was given by any Asda witness for the use of these phrases. Further, and as we said in our original decision, it is reasonable to suppose that Asda had a good understanding of the nature of the market, the characteristics of the average consumer and other matters affecting how the average consumer would react to the use of the proposed logos and, for my part, I adhere to the view that this is therefore very persuasive evidence of how the Shaded logo mark is perceived.

33. Fourth, Dame Mary Perkins gave evidence under cross examination that, when she visits cities and towns where Specsavers have an outlet, the first thing she does is “look for the shapes” or, in other words, the Wordless logo mark. She also explained that she routinely asks taxi drivers how they recognise a Specsavers outlet, and they commonly tell her, in words of their own, that they look out for the overlapping green ellipses. Dame Mary was, the judge found, a good and reliable witness and, even allowing for the effect of her position within Specsavers, her evidence seems to me to confirm my own impression that, from a distance, the word Specsavers does not stand out and it is the green overlapping ellipses which catch the eye. I understood Miss May to accept in the course of her submissions that if, as I believe to be the case, average consumers do recognise the green overlapping ellipses on signage outside Specsavers’ outlets as denoting Specsavers then such signage would amount to genuine use of the Wordless logo mark, registered as it is in respect of every colour.
34. Drawing the threads together, I have come to the conclusion that, in the rather unusual circumstances of this case and notwithstanding my initial impression to the contrary, Specsavers have established that much of the use they have made of the Shaded logo mark including, in particular, its use on signage, does also constitute use of the Wordless logo mark, for the evidence in this case shows that it has been such that the Wordless logo mark has served and does serve to identify the goods and services of Specsavers, and that the average consumer has perceived and does perceive the Wordless logo mark as indicative of the origin of the goods and services supplied by Specsavers. In short, much of that use has been such that the differences between the Shaded logo mark and the Wordless logo mark have not changed the distinctive character of the Wordless logo mark; and the Wordless logo mark has itself been seen as a trade mark and not simply as background. It follows that Specsavers have established that they have made genuine use of the Wordless logo mark.
35. Miss May submitted that this conclusion would be inconsistent with the judge’s finding, upheld by this court in our original decision, that Specsavers had failed to establish that the similarity between the Shaded logo mark and the Asda logo was such as to create a likelihood of confusion within the meaning of Article 9(1)(b). As she put it, the fact that the ellipses, as the single common element between the Shaded logo mark and the Asda logo, were not enough to give rise to a likelihood of confusion, means that the ellipses do not act as an indication of trade origin.
36. I am unable to accept this submission for it seems to me to ignore a number of important aspects of the comparison the judge was required to carry out in assessing the likelihood of confusion under Article 9(1)(b). First, the judge was bound to consider the accused use in context, that is to say primarily in the optical sections of Asda stores and on-line. Second, the two marks in issue, that is to say the Shaded logo mark and the Asda logo, each bear upon them different wording. Third, the Asda logo contains two ellipses which touch but do not overlap. I do not therefore accept that a finding that Specsavers have themselves made use of the Wordless logo mark is inconsistent with a finding that the use by Asda of the Asda logo did not infringe the Shaded logo mark under Article 9(1)(b).
37. Finally the Registrar has invited us to make it clear that each case must be determined on its own facts, and has expressed a concern that were we to allow the appeal, he may be faced with many applications to register relatively commonplace outline shapes of logo marks. For my part, I am entirely content to emphasise that each and

every case must be decided on its own facts and in the light of all the relevant circumstances. I would go further and say that, in general, it is unlikely that the background of a mark will be perceived by the average consumer as an indication of origin. This is, however, an unusual case and Specsavers are supported in their appeal by what I consider to be the convincing evidence I have described.

38. I would therefore allow the appeal.

Lady Justice Black:

39. I agree.

The Lord Chief Justice of England and Wales:

40. I also agree.