



Neutral Citation Number: [2024] EWCA Civ 814

Case No: CA-2023-002325

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY
COURTS OF ENGLAND AND WALES, INTELLECTUAL PROPERTY LIST (ChD)

Mr Justice Mellor
[2023] EWHC 1839 (Ch)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 22 July 2024

Before :

LORD JUSTICE BAKER
LORD JUSTICE ARNOLD
and
LORD JUSTICE NUGEE

Between :

(1) LIFESTYLE EQUITIES CV
(2) LIFESTYLE LICENSING BV
(3) BHPC USA LLC

Claimants/
Appellants

- and -

(1) ROYAL COUNTY OF BERKSHIRE POLO CLUB LIMITED
(2) DAVID BAXTER GENTLE
(3) JAMES TARA MORRISON
(4) THE PARTNERSHIP (LICENSING) LIMITED
(5) JONATHAN ERIC BOWER TOWNSEND

Defendants/
Respondents

Michael Edenborough KC and Thomas St Quintin (instructed by Brandsmiths) for the Appellants

Michael Silverleaf KC (instructed by Maitland Walker LLP) for the Respondents

Hearing date : 9 July 2024

Approved Judgment

This judgment was handed down remotely at 10.30am on 22 July 2024 by circulation to the parties or their representatives by e-mail and by release to the National Archives.

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Lord Justice Arnold:

Introduction

1. The Claimants appealed against an order of Mellor J dated 3 November 2023 dismissing their claim against the Defendants for trade mark infringement and passing off for the reasons given in his judgment dated 19 July 2023 [2023] EWHC 1830 (Ch). At the conclusion of the argument, the Court announced that the appeal would be dismissed for reasons to be given in writing later. This judgment sets out my reasons for reaching that conclusion.

Outline of the dispute

2. The First Claimant was at the time of trial the owner, and the Second Claimant the exclusive licensee, of registrations of the trade mark depicted below in the United Kingdom, the European Union, Chile, Mexico, Panama, Peru, and the United Arab Emirates (although the Peruvian registration had been revoked with effect from September 2016) (“the Trade Marks”). Since then, the ownership of the Trade Marks has been transferred to the Third Claimant, which has been joined to the proceedings.



3. The Claimants contend that the Trade Marks have been infringed by the Defendants through the use of a number of signs (“the Signs”), but in particular the sign depicted below (“Sign 3”).



4. The First Defendant is the company which operates the Royal County of Berkshire Polo Club (“the Club” or “RCBPC”), which is one of the premier polo clubs in the UK. The Second Defendant (now deceased and represented by her personal representative) was the widow of the founder of the Club. The Third Defendant is their son and the current chairman of the Club. The Fourth Defendant was RCBPC’s licensing agent until around November 2018. The Fifth Defendant is the sole director of the Fourth Defendant. Claims against six other Defendants were stayed pending the

determination of the Claimants' claims against the First to Fifth Defendants. Accordingly, the only active Defendants at trial and on appeal were the First to Fifth Defendants, who I will refer to simply as "the Defendants" in the remainder of this judgment.

5. It is common ground that the signs complained of have been used in relation to goods identical to those in respect of which the Trade Marks are registered: principally clothing, but also footwear, fragrances, luggage and watches.
6. The proceedings were commenced on 25 June 2018. It is therefore common ground that the Claimants' claims for infringement of EU trade marks are unaffected by Brexit. In order to simplify the resolution of the issues, the parties agreed that all of the Claimants' claims, including those concerning Chile, Mexico, Panama, Peru and the UAE ("the Overseas Territories"), were to be determined by the application of UK and EU trade mark law, save for certain specific defences under the national law of one of the Overseas Territories which were reserved for subsequent determination if necessary.
7. The parties also agreed that all questions of infringement were to be assessed as at a single date, namely the date on which the proceedings were commenced. At trial it emerged that this agreement was interpreted by the parties in different ways: the Claimants contended that it meant that infringement was to be assessed as if the use of the Signs had begun in June 2018, whereas the Defendants contended that it meant that the infringement was to be assessed as at June 2018 having regard to the factual situation which then existed. The judge held that the Defendants' interpretation of the agreement was the correct one, and there is no challenge by the Claimants to that conclusion.
8. Despite these agreements, a significant number of issues on liability remained for determination, including certain counterclaims by the Defendants. The trial of these issues was heard by the judge over six days in mid-June 2022. The judge's judgment runs to 352 paragraphs and 77 pages. As those statistics suggest, it contains a meticulous analysis of the evidence and the arguments and a thoroughly reasoned set of conclusions. This goes a little way to explaining why it was not handed down until 19 July 2023.

The legislative framework

9. On the appeal the Claimants sensibly argued their case solely by reference to section 10(2) of the Trade Marks Act 1994, which implemented successively Article 5(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, Article 5(1)(b) of European Parliament and Council Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version) and Article 10(2)(b) of European Parliament and Council Directive 2015/2436/EU of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast) (Directive 89/104 is not of temporal application to this case, but is referred to in much of the case law cited below), and to Article 9(1)(b) of Council 207/2009/EC of 26 February 2009 on the Community trade mark (codified version) and Article 9(2)(b) of European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 on the European Union trade mark (codification).

10. There is no material difference for present purposes between these provisions, all of which provide that the proprietor of a registered trade mark is entitled to prevent third parties from using a sign in the course of trade without the proprietor's consent if the sign is identical with, or similar to, the trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the trade mark is registered and there exists a likelihood of confusion on the part of the public. Save for likelihood of confusion, it is common ground that all of the requirements for infringement under these provisions are satisfied in this case.

Assessment of the likelihood of confusion: basic principles

11. The manner in which the requirement of a likelihood of confusion in what are now Article 10(2)(b) of Directive 2015/2426 and Article 9(2)(b) of Regulation 2017/1001, and the corresponding provisions concerning relative grounds of objection to registration in the Directive and the Regulation, should be interpreted and applied has been considered by the Court of Justice of the European Union in a large number of decisions. In order to try to ensure consistency of decision making, a standard summary of the principles established by these authorities, expressed in terms referable to the registration context, has been adopted in this jurisdiction. The current version of this summary is as follows:

- “(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an

independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; and
- (k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.”

12. The same principles are applicable when considering infringement, but it is necessary for this purpose to consider the actual use of the sign complained of in the context in which the sign has been used. As Kitchin LJ put it in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24, [2012] FSR 19 at [87]:

“In my judgment the general position is now clear. In assessing the likelihood of confusion arising from the use of a sign the court must consider the matter from the perspective of the average consumer of the goods or services in question and must take into account all the circumstances of that use that are likely to operate in that average consumer’s mind in considering the sign and the impression it is likely to make on him. The sign is not to be considered stripped of its context.”

The judge’s judgment

13. Some of the judge’s judgment concerns issues which are no longer live on the appeal. Although much of it is relevant to the issue of likelihood of confusion, since there is no challenge to the judge’s findings of fact and only a limited challenge to his assessment, I can summarise his findings and conclusions relatively briefly. Reference should be made to the judgment for further detail.
14. Having introduced issues, and identified and assessed the witnesses, at [1]-[46], the judge set out the applicable law at [47]-[84]. In this context, he addressed the two principal issues which arise on the appeal.
15. The first concerns the relevance of what the judge termed a “crowded market”: in this case, the existence of a number of other polo-themed clothing brands featuring horse-and-rider logos in the relevant markets, the two best-known being Polo (by) Ralph

Lauren (“RL Polo”) and US Polo Association (“USPA”). The judge held that, if the existence of such a crowded market was established on the facts, it meant that the Trade Marks had a lesser degree of distinctive character than would otherwise have been the case, which in turn meant that there was less scope for there to be a likelihood of confusion than would otherwise have been the case.

16. The second concerns the relevance of coexistence agreements between trade mark owners in the relevant markets, such as agreements between Ralph Lauren and the Claimants and between Ralph Lauren and RCBPC. The judge rejected the Claimants’ argument that such agreements were irrelevant to the assessment of likelihood of confusion.
17. At [85]-[161] the judge considered the history, status and reputation of the BEVERLY HILLS POLO CLUB (“BHPC”) brand (we were told that, although there is a polo club of that name, the Claimants are unrelated to it). He found that the evidence of the Claimants’ witness Mr Haddad on this topic was exaggerated and misleading. His key findings at [161] were as follows:
 - “i) In his witness statement, Mr Haddad attempted to present a picture of BHPC as a successful global brand The reality is significantly different.
 - ...
 - iii) ... I am satisfied that a good range of BHPC goods have been sold over the years in Italy, comprising menswear predominantly, with some kidswear, footwear, bags and accessories, supported by *some* promotional activity, giving rise to the BHPC mark having a reputation in Italy for such goods.
 - iv) I am prepared to find the BHPC brand has a reputation in Spain for bedding and bags.
 - v) So far as the UK is concerned, I find the BHPC brand has a reputation for Luggage, Men’s Underwear and, due to sales in 2017 and 2018, for children’s clothing. I saw no evidence of sales of women’s underwear in the UK.
 - vi) The position as regards other goods and in other countries of the EU is too obscure and uncertain for me to find any reputation. The market for clothing and the other goods of the types sold by BHPC is huge across the UK and EU and the total inferred retail sales of BHPC branded goods over 9 years (2010-2018) for various categories of goods are small.
 - vii) When one looks at the individual years, other than where I have found reputation, the sales figures indicate sales took place in a rather sporadic fashion, consistent with a pattern of new licensees being signed up, putting in early effort but then losing

heart and the licence terminating. This pattern is not consistent with a successful brand.”

18. At [162]-[178] the judge considered the history, status and reputation of RCBPC, and its activities as a licensor of the Signs in respect of clothing and other goods. The judge proceeded on the basis that sales of clothing bearing one of the Signs had commenced within a few months of the date of each licensing agreement entered into by RCBPC. He summarised the evidence of the Defendants’ witness Mr Amooore at [170]:

- “i) The sale of branded clothing from the shop on D1’s premises started very early in the life of the Club.
- ii) The international licensing business started before 2005. ... D1 had a licensee which operated at least in Argentina.
- iii) In about late 2010, D1 first engaged D4 to promote the exploitation of D1’s brand, particularly abroad. This resulted in various licence agreements being signed:
 - a) Panama: late 2011/early 2012 with Mays Zona, which Mr Amooore identified as ‘our biggest licensee’. He said their agreement covered a number of countries and Mays would get local sub-licensees in particular territories such as Chile. He also said that the local licensees would produce a clothing line to suit the market in their territory so, for example, there was not a standard polo shirt which was sold by all licensees.
 - b) Chile, Peru: agreement extended in about early 2012;
 - c) Mexico: May 2014;
 - d) UAE: about May 2015.”

19. At [179]-[219] the judge considered the market in which the Claimants’ and the Defendants’ brands operated. The first topic he addressed was the relevance of polo as a sport. Although it is played by very few people and not watched by many more, it is a sport which is known by a disproportionately large number of people. It also seems to be a sport which is inordinately attractive to the creators of clothing brands, due to its “upmarket” image.

20. The second topic was the growth and popularity of polo-themed brands, starting with RL Polo in 1971. Ralph Lauren uses a logo of a mallet-wielding rider on a horse both on its own and accompanied by the words POLO (BY) RALPH LAUREN. It has been followed by USPA and others, including the Claimants and RCBPC. The judge found as follows:

“202. Having considered all of the Cs’ criticisms carefully, I am satisfied that Señor Garcia’s evidence, but largely the documents he exhibited, established the following:

- i) That there is and has been for several years, extensive co-existence of ‘polo-themed’ brands in Latin America. Certainly, the greatest number of such brands co-existing is in Mexico with somewhat lesser numbers of such brands coexisting in Chile, Panama and Peru.
 - ii) That physical and online retailers operating in Mexico, Chile, Panama and Peru have no qualms about stocking and selling more than one ‘polo-themed’ brand and often several of them. To the same end, the operators of shopping malls do not see any problem in having multiple ‘polo-themed’ brands being sold in the same mall, whether in their own units or in department stores.
 - iii) All of the polo-themed brands of any significance mentioned in his evidence (and I have discarded some of the apparently minor brands) feature some form of horse and rider logo in their branding. As I mentioned, all of these horse and rider motifs are different. Only one (that of RL) is trusted to, and does in fact operate on its own without any additional wording.
 - iv) That RL Polo is the number one in all these markets, probably followed by USPA. It is debatable whether RCBPC or BHPC ranks at number 3. In Peru, BHPC appears to be number 3 (and RCBPC is no longer sold in Oeschle), whereas in Mexico it is RCBPC which is definitely ahead (and BHPC was said not to be present in physical stores).
 - v) Although his evidence related to early 2022 and the documents in FGC-3 to early 2019, I am satisfied that the general picture presented is accurate going further back in time, although it is likely that the number of ‘polo-themed’ brands has increased over time.
203. All these points favour a conclusion that there is no confusion between these ‘polo-themed’ brands in South America and that consumers have learnt that the presence of a horse and rider motif is generic for such brands such that they must rely on other aspects of the branding and in particular the name as indicating origin.
204. That leaves FGC-3, which was directed at the position of polo globally, the position in the UK and EU, US, Canada, UAE and South Africa, with a little bit of evidence directed to Mexico and Peru. Compiled in early 2019, FGC-3 shows a number of polo clubs, especially in the UK and Europe, selling their own merchandise. All of this was far too small scale to have any effect on the average consumer. By contrast the

details presented for RL Polo and USPA were consistent with other evidence - that they were number one and two globally. So far as USPA is concerned, there was some evidence that the brand was first launched in the UK in Spring 2018 with a range of kidswear.”

21. The third topic the judge addressed was the relevance of other polo-themed brands. He concluded at [213]:

“Overall, the existence and prominence of RL Polo and of USPA in certain markets (in particular not the UK), and of other ‘polo-themed’ brands in varying degrees in other markets, all using variants of horse and rider motifs, indicates that, with RL Polo as the exception, the average consumer cannot rely on the motif as reliably indicating trade origin. In a sense, for a polo-themed brand, a horse and rider motif of some sort is almost *de rigueur*. Therefore, the average consumer has to rely on other material in the branding as well as indicating origin. This, of course, is consistent with the notion that the average consumer normally views the Mark and the Sign each as a whole and does not dissect either into its constituent elements.”

22. The fourth topic the judge addressed was the Claimants’ case that the words POLO CLUB in the Trade Marks and the Signs were distinctive. The judge said at [214] that this point was “plainly unarguable so far as the UK is concerned”, and he understood it to be aimed at the South American countries. He concluded at [219]:

“Generally, I reject the Cs’ contention that the words POLO CLUB are distinctive, whether in South America or elsewhere, along with the related proposition that the other words in the Sign and Mark are either irrelevant or of lesser importance.”

23. At [220]-[253] the judge considered the evidence of confusion between the parties’ respective brands. He concluded:

“252. Having considered these categories separately, I must step back and consider them collectively. Having done so, I was struck by how insubstantial this evidence was, bearing in mind the fact that these two brands had traded in the same market (in Panama in particular) for many years, possibly as much as 10 years (2011-2021). Even if the period was only 7 years (say 2011-2018), I would still have expected much more evidence of confusion to have come to light, if it had really been occurring. The circumstances in this case are not ones where instances of confusion would not come to the attention of Mr Haddad or Ms Borycz. Evidently, licensees were not shy of making complaints. Furthermore, Mr Haddad and the Cs have been involved in various trade mark disputes for a number of years. Even if the early years were dominated by oppositions and not infringement litigation, the Cs must have understood

the value of recording and documenting instances of confusion which came to their attention.

253. In these circumstances, if there really was confusion occurring between these brands by purchasing consumers, I would have expected a much more substantial body of incidents to have been reported and recorded.”
24. The judge considered the section 10(2) case at [254]-[313]. He began by summarising the Claimants’ principal contentions. He then considered the relevant average consumers, finding as follows:
- “260. In all relevant countries, the goods of both brands have a price premium over unbranded goods. They are not in the prestige sector of the fashion market, but sit in what is sometimes called the mass-tige sector. The relevance is that consumers of these goods are prepared to pay more for the brand, and therefore have a degree of brand awareness. This means that, contrary to the Cs’ position in closing, the level of attention is not low but at least medium if not slightly higher.
261. For the reasons already explained, I find that this brand awareness extends to a general recognition of other ‘polo’ brand(s) in the same territory. For all territories in issue, this means at least RL Polo. In some territories it includes other ‘polo’ brands.
262. In saying this, I recognise that consumers do not have the overview that the evidence in this case presents to me. In any event, I also recognise that the average consumer of the goods in question will not have encountered most of the other ‘polo-themed’ marks present in the relevant territory. However, even if they have never purchased a RL Polo product, the average consumer for these goods will be aware of that brand and its horse and rider logo at least and is likely, depending on the territory, to have encountered other ‘polo-themed’ brands as well.”
25. The judge set out his analysis of the similarity between the Trade Marks and Sign 3 with respect to the UK at [264]-[275]. He began by noting that both the Mark and the Sign were composite marks. He found that no particular component dominated in either the Mark or the Sign, and that the horse-and-rider motif did not have an independent distinctive role in the Mark. He assessed the degree of visual and aural similarity as low to medium, while the degree of conceptual similarity was slightly above medium because both the Mark and the Sign signified a polo club. The visual impression was the most important, and the aural impression was the least important. Even bearing imperfect recollection in mind, the words BEVERLY HILLS on the one hand and ROYAL COUNTY OF BERKSKIRE on the other hand had a material effect on the degree of similarity.

26. The judge then considered similarity with respect to each of the other territories in issue at [276]-[293], and reached essentially the same conclusions.
27. The judge made his global assessment at [294]-[313]. He began by concluding that, if there was no likelihood of direct confusion, then there was no likelihood of indirect confusion either. That conclusion is not challenged by the Claimants.
28. Moving on to direct confusion, he began with Panama, because of the long period of concurrent trading by both brands in a very large mall in that country, the Albrook Mall. The form of that trading was such, in his view, as to be very likely to bring instances of customer confusion between the brands to light. What struck him was how insubstantial the supposed evidence of confusion was. In addition, RL Polo goods were on sale in the department stores in the Mall and there were, at some times, three USPA stores in the Albrook Mall. Taking all relevant considerations into account, no significant part of the relevant public was likely to be confused. The conclusion for Mexico, Chile and Peru was the same.
29. Turning to the UK, the judge noted that the situation was rather different. Due to the inadequacies in the Claimants' evidence, he was assessing an essentially unused Mark. Furthermore, RCBPC had sold very small quantities of goods, either from the Club shop or from pop-up shops at events in its grounds, but planned to license use of Sign 3. Thus the UK action was essentially *quia timet*. The judge went on:
 - “304. Although there has not been the type of side by side trading in the UK as has occurred in Panama, that side by side trading sheds some light on what would occur in the UK. In addition, I consider that UK average consumers have a greater ability and propensity to distinguish between these brands because they will more clearly recognise the place name contained in each of the Mark and the Sign.
 305. In all the relevant circumstances in the UK, I find there is no likelihood of confusion.”
30. The judge reached the same conclusion in respect of the EU. He did not expressly deal with the likelihood of confusion in the UAE, but it is implicit in his judgment that he again reached the same conclusion.

Standard of review on appeal

31. Since the judge's conclusion that there was no likelihood of confusion involved a multi-factorial evaluation, this Court can only intervene if he erred in law or in principle: compare *Actavis Group PTC EHF v ICOS Corp* [2019] UKSC 15, [2019] Bus LR 1318 at [78]-[81] (Lord Hodge) and see *Lifestyle Equities CV v Amazon UK Services Ltd* [2024] UKSC 8, [2024] Bus LR 532 at [46]-[50] (Lord Briggs and Lord Kitchin).

The Claimants' grounds of appeal

32. The judge granted the Claimants permission to appeal on two grounds. Ground 1 is that the judge wrongly relied on matter extrinsic to the Trade Marks and the Signs in making his decisions on infringement in two respects:
- (a) The judge wrongly relied on the existence of other polo-themed trade marks. He was wrong to do so in particular because (i) those other brands were not relevant as a matter of law in assessing the distinctiveness of the Claimants' Trade Marks, (ii) they did not form part of the relevant context in which the allegations of infringement should have been assessed, and (iii) there was no evidential basis on which to conclude that there was no significant proportion of the relevant public who was unaware of those other polo-themed trade marks.
 - (b) The judge wrongly relied on the terms of coexistence agreements entered into by the parties with third parties.
33. Ground 2 is that, if ground 1 succeeds but that is not sufficient to lead to a finding of infringement due to a likelihood of confusion at the point of sale, the judge wrongly rejected the Claimants' reliance upon the likelihood of post-sale confusion.

Ground 1(a): the relevance of a "crowded market"

34. The Claimants contend that the existence of a "crowded market" is, as a matter of law, irrelevant to likelihood of confusion. They say that it could only be relevant for one of two reasons, either first because it affects the distinctive character of the trade mark or secondly because it forms part of the context of the use of the sign when assessing infringement, but neither is the case.
35. The judge held that, at least in cases such as the present, a "crowded market" was relevant for the first reason. He did not hold that it was relevant for the second reason. On the contrary, he expressly said at [70] that "[t]his is not a context issue". I shall therefore concentrate on the first reason. I shall nevertheless go on to consider the question of context, because it sometimes causes difficulty in trade mark infringement cases.
- (i) *Distinctive character of the trade mark*
36. The starting point here is sub-paragraph (h) of the standard summary set out in paragraph 11 above. This principle was first stated in Case C-251/95 *SABEL BV v Puma AG* [1997] ECR I-6191 at [24]: "the more distinctive the earlier mark, the greater will be the likelihood of confusion". It was more fully stated in Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507 at [18]:

"... according to the case-law of the Court, the more distinctive the earlier mark, the greater the risk of confusion (*SABEL*, paragraph 24). Since protection of a trade mark depends, in accordance with Article 4(1)(b) of the Directive, on there being a likelihood of confusion, marks with a highly distinctive character, either *per se* or because of the reputation they

possess on the market, enjoy broader protection than marks with a less distinctive character.”

37. This principle has been repeated and applied in countless subsequent decisions of the CJEU and the General Court. It is settled law in the EU. It is also firmly established in the case law of this Court. As Kitchin LJ put it in *Comic Enterprises Ltd v Twentieth Century Fox Film Corp* [2016] EWCA Civ 41, [2016] FSR 30 at [34](iv), “the issue of a trade mark’s distinctiveness is intimately tied to the scope of the protection to which it is entitled”.
38. Although the principle is usually stated in the form set out above, it is common ground that the converse proposition is equally true: trade marks with a less distinctive character enjoy narrower protection than marks with a highly distinctive character.
39. The converse proposition manifests itself in a variety of ways. Perhaps the most common way is where the trade mark is allusive to the goods or services in question. Contrary to the submission of counsel for the Claimants, however, the principle is not confined to that situation. For example, it is well established that, if the only similarity between the trade mark and the sign (or between the trade marks, as the case may be) is a common element which has low distinctiveness, that points against there being a likelihood of confusion: see *Whyte & Mackay Ltd v Origin Wine UK Ltd* [2015] EWHC 1271 (Ch), [2015] FSR 33 at [44]. The common element may have low distinctiveness because it is descriptive or allusive, but that need not be the case.
40. Counsel for the Defendants cited an example of this, Case T-149/06 *Castellani SpA v Office for Harmonisation in the Internal Market* [2007] ECR II-4855. In that case the applicant applied to register a trade mark comprising the word CASTELLANI and a device for alcoholic beverages with certain exceptions. The opponent asserted a likelihood of confusion with its earlier trade mark CASTELLUCA registered for wines except sparkling wine. The General Court found that there was no likelihood of confusion. Its main reason was that the word “castle” and its equivalents in other languages, such as “chateau”, “castel” and “castello”, were very commonly used as part of trade marks in this field, and therefore the average consumer would pay close attention to the suffixes of the two marks (ANI and UCA), which were visually and aurally sufficiently different to enable the marks to be distinguished. (The Court’s subsidiary reason was that there was also a conceptual difference between the two marks: one would be recognised as an Italian family name whereas the other suggested the Castle of Lucca.) The Court did not suggest that “castle” was descriptive of, or allusive to, alcoholic beverages such as wine.
41. The judge cited another example of the application of the principle stated in paragraph 38 above, *Jack Wills Ltd v House of Fraser Ltd* [2014] EWHC 110 (Ch), [2014] FSR 39. Jack Wills was the proprietor of registrations of what was called the Mr Wills Logo, which consisted of a silhouette of a pheasant with a top hat, scarf and cane. House of Fraser was alleged to have infringed the trade marks through use of a sign called the Pigeon Logo, which consisted of a silhouette of a pigeon with a top hat, bow tie and tailcoat. The trade marks were registered in respect of, and the sign had been used in relation to, clothing. It was common ground that at least five other clothing brands had used bird logos in the UK. I assessed the distinctiveness of the trade marks at [87] as follows:

“Counsel for Jack Wills submitted that the Trade Marks were inherently very distinctive. Counsel for House of Fraser did not suggest that the Trade Marks were devoid of distinctive character. His primary submission was that the Trade Marks and the Pigeon Logo were distinctively different from each other. I shall consider that question below. In the alternative, he submitted that, if the differences between the Trade Marks and the Pigeon Logo did not suffice to enable the average consumer to distinguish between them, then it followed that the Trade Marks were insufficiently different from other bird logos to possess distinctive character. I do not accept this argument. Leaving aside the fact that it ignores the difference between the dates at which the validity of the Trade Marks and the issue of infringement fall to be assessed, the Pigeon Logo is closer to the Trade Marks than the Trade Marks are to any other bird logo of which there is evidence of use in the United Kingdom. Taking account of the other bird logos of which there is evidence of use, I consider that the Trade Marks have a substantial degree of inherent distinctive character. An important factor in the distinctive character of the Trade Marks is their anthropomorphic aspect, and in particular the fact that the bird is equipped with accessories associated with an English gentleman.”

42. Counsel for the Claimants pointed out that the argument being addressed in this passage was an attempted squeeze between validity and infringement, which not only ignored the difference in the relevant dates but also failed on the facts. It is nevertheless inherent in this reasoning that the degree of distinctive character possessed by the trade marks was affected by the closeness of similar trade marks being used by third parties. Furthermore, the same reasoning was deployed when assessing likelihood of confusion at [98]:

“Although I accept that consumers will have become accustomed to distinguishing between different bird logos on clothing, they are not accustomed to distinguishing between logos consisting of silhouettes of anthropomorphic birds wearing top hats and other accessories of an English gentleman.”

43. Although counsel for the Claimants did not expressly submit that this reasoning was legally erroneous, that is implicit in the Claimants’ argument.
44. The same is true of my decision in *Enterprise Holdings Inc v Europcar Group UK Ltd* [2015] EWHC 17 (Ch), [2015] FSR 22 which counsel for the Claimants dutifully cited to this Court. In that case the defendant adduced evidence seeking to establish that logos similar to the trade marks in issue were common in the relevant sector. Searches had yielded nearly 4,000 trade marks, of which nearly 400 were investigated. Documentary evidence of use of 20 of those was presented, and the five best examples are set out in the judgment. I found at [94] that the evidence:

“ ... does not show that there is common use of lower case ‘e’ trade marks in the vehicle rental sector in the UK. Still less does it show that the use of lower case ‘e’ logos on a green background is common. The opposite is true.”

Accordingly, I found at [183] that the trade mark had a fairly high degree of distinctive character. It is implicit in this reasoning that the trade mark would have had a lesser degree of distinctive character if lower case ‘e’ logos had been common in the relevant sector.

45. Counsel for the Claimants nevertheless submitted that the existence of a “crowded market” was legally irrelevant to the assessment of the trade mark’s distinctive character. He relied in support of this submission on Case C-145/05 *Levi Strauss & Co v Casucci SpA* [2006] ECR I-3703. In that case the CJEU ruled that Article 5(1) of Directive 89/104 must be interpreted as meaning that, in order to determine the scope of protection of a trade mark which has been lawfully acquired on the basis of its distinctive character, the national court must take into account the perception of the public concerned at the time when the sign, the use of which infringes that trade mark, began to be used.
46. The Court’s reasoning was as follows:
 - “17. The proprietor’s right to protection of his mark from infringement is neither genuine nor effective if account may not be taken of the perception of the public concerned at the time when the sign, the use of which infringes the mark in question, began to be used.
 18. If the likelihood of confusion were assessed at a time after the sign in question began to be used, the user of that sign might take undue advantage of his own unlawful behaviour by alleging that the product had become less renowned, a matter for which he himself was responsible or to which he himself contributed.
 19. Article 12(2)(a) of Directive 89/104 provides that a trade mark is liable to revocation if, after the date on which it was registered, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered. Thus, by balancing the interests of the proprietor against those of his competitors in the availability of signs, the legislator considered, in adopting this provision, that the loss of that mark’s distinctive character can be relied on against the proprietor thereof only where that loss is due to his action or inaction. Therefore, as long as this is not the case, and particularly when the loss of the distinctive character is linked to the activity of a third party using a sign which infringes the mark, the proprietor must continue to enjoy protection.”

47. The Court went on to hold that an injunction to restrain use of an infringing sign should be generally granted unless the trade mark had lost its distinctive character after the sign had first been used due to an act or omission of the trade mark proprietor.
 48. Counsel for the Claimants argued that, just as use by the defendant of its sign could not be relied upon to diminish the distinctive character of the trade mark, so by parity of reasoning neither could use by other third parties of other signs.
 49. I do not accept this argument. The CJEU's reasoning is clear and makes perfect sense: the question whether the defendant's use of its sign infringes must normally be judged as at the date when that use commences, because otherwise there would be a risk of the defendant being permitted to take advantage of its own wrong. As the CJEU has recognised elsewhere, that principle is not without exception. Thus there may come a point where honest concurrent use of a trade mark and a confusingly similar sign has the result that, although the trade mark retains distinctive character, most of the relevant public comes to learn that the trade mark and the sign denote different trade origins and any residual confusion must be tolerated: see *Match Group LLC v Muzmatch Ltd* [2023] EWCA Civ 454, [2023] FSR 18 at [62]-[121]. But in any event, the issue here is not the impact of the defendant's use of its sign on the distinctive character of the trade mark, but the impact of third party use of other signs. There is no good reason to discount this. On the contrary, experience shows that third party use of similar signs does tend to diminish the distinctiveness of a trade mark. In a crowded market it is harder for one mark to stand out.
 50. Confronted with this difficulty, counsel for the Claimants suggested for the first time that some of the third party uses in this case were also infringing uses. He accepted, however, that this did not apply to RL Polo or USPA, which are the two biggest players in the relevant markets. As for other parties, there is no evidence that the Claimants have even brought infringement proceedings against the relevant parties, let alone obtained judgments against them. In any event, it does not appear that any argument was advanced at trial that these were infringing uses. Certainly, there is no finding by the judge to that effect; nor is the failure by the judge to make such a finding a ground of appeal. This argument is therefore not open to the Claimants.
- (ii) *Context of use of the sign*
51. Under the Trade Marks Act 1938 the test for infringement of a registered trade mark involved a strict comparison between the mark and the sign. The context of the use of the sign was irrelevant. This is not the law in the EU or under the 1994 Act. As can be seen from paragraph 12 above, the use of the allegedly infringing sign must be considered in context.
 52. This principle is perhaps most clearly illustrated by Case C-533/06 *O2 Holdings Ltd v Hutchison 3G UK Ltd* [2008] ECR I-4231. O2 was the proprietor of trade marks consisting of images of bubbles registered in respect of telecommunication services. H3G used similar images of bubbles in respect of identical services in a comparative advertisement. The CJEU held that the bubble images had been used by H3G directly in relation to O2's services and indirectly in relation to H3G's own services. That gave rise to the question of whether the latter use was infringing use. The Court held that there was no likelihood of confusion because the national court had found that the

comparative advertisement *as a whole* was not misleading and did not suggest that there was any form of commercial link between O2's services and H3G's services. The Court stated at [64] that "the referring court was right to limit its analysis to the context in which the sign similar to the bubbles trade marks was used by H3G, for the purpose of assessing the existence of a likelihood of confusion". It also stated at [67] that "the assessment must be limited to the circumstances characterising that use". This suggests that the assessment is limited to what might be termed the immediate context in which the sign has been used. The Court nevertheless implicitly rejected the argument that distinguishing context was irrelevant if the signs themselves were confusingly similar to the trade marks and used in relation to identical services.

53. The decision in *O2* was considered in some detail by Kitchin LJ in *Specsavers* at [80]-[84], and formed the basis for his statement of principle at [87] which I have set out in paragraph 12 above.
54. Although the principle is clear, its application can cause difficulty. The difficulty usually arises where the defendant relies upon context as negating a likelihood of confusion in a case where, absent whatever is relied upon as constituting the relevant context, the identity or similarity of the mark and the sign and the similarity or identity of the respective goods or services would give rise to a likelihood of confusion. While it is clear from *O2* that this is legally possible in an appropriate case, it is not clear how far the principle extends outside the special circumstances of comparative advertising.
55. The judge cited two passages from the judgment of Daniel Alexander QC sitting as a Deputy High Court Judge in *PlanetArt LLC v Photobox Ltd* [2020] EWHC 713 (Ch), [2020] FSR 26 which addressed this question. After citing *Och-Ziff Management Europe Ltd v Och Capital LLP* [2010] EWHC 2599 (Ch), [2011] FSR 11 and *Specsavers*, Mr Alexander QC went on:
 - “24. In my view, Arnold J, as he then was, in *Och-Ziff* was saying that the CJEU took the view that, in considering infringement of a registered trade mark, it was not appropriate to look so broadly at the context that use which was prima facie infringing was nonetheless to be regarded as non-infringing because other, separate, acts of the defendant had countered actual deception. An extreme example is where a defendant uses a well-known brand for counterfeit goods but nonetheless makes it very clear that the goods are in fact counterfeit so that no actual purchaser is confused. There may be no actual confusion as a result of the use of the sign but there is nonetheless trade mark infringement because the court must focus on the use of the sign in question not the other statements by the defendant as to the trade origin of the goods.
 25. Accordingly, while it is right to take the context in which the given sign will be seen into account, I am not persuaded that it would be right to expand the view so broadly as to take account of the fact that a given sign only appears in this case after a different sign has been used. To that extent, each use of

the signs must be examined separately in what might be described as its ‘local’ context.

...

164. I have also considered, in accordance with the guidance in *Specsavers*, and generally whether there is anything about the context of presentation of the marks which negates that result. In my view there is not. It is also necessary for the court to be cautious in adopting an overly expansive approach to taking account of context in a trade mark claim. One purpose of registered trade mark protection (in which it is distinguished from passing off) is to provide an element of exclusivity in the use of a registered mark, regardless of the wider context in which it is used, so long as the conditions for protection are fulfilled.”
56. It is worth pointing out that there are other answers to the problem identified by Mr Alexander at [24]. Suppose, for example, that counterfeit Rolex watches are sold, and at the point of sale the purchaser is notified that they are counterfeit. Even if it is permissible to take the notice into account as part of the context of use, a straightforward answer to this problem is that it does not avoid a finding of infringement, because the notice does not prevent post-sale confusion: see in particular Case C-206/01 *Arsenal Football plc v Reed* [2002] ECR I-10273 at [57]. (This example involves double identity infringement rather than infringement on the basis of a likelihood of confusion, but that does not matter for this purpose: compare *Match* at [116]. Post-sale confusion has been relied on as establishing or supporting likelihood of confusion in non-double identity cases: see in particular *Jack Wills* at [98], *Thomas Pink Ltd v Victoria’s Secret UK Ltd* [2014] EWHC 2631 (Ch), [2014] ETMR 14 at [142]-[145] (Birss J) and *Iconix Luxembourg Holdings SARL v Dream Pairs Europe Inc* [2024] EWCA Civ 29, [2024] ECC 7 at [34]-[35].)
57. Furthermore, similar issues can arise even if the context is tightly defined. Suppose, for example, that counterfeit Rolex watches are marketed bearing the words FAKE ROLEX on the watch face where the word ROLEX normally appears. Even if the sign is taken to be ROLEX rather than FAKE ROLEX (which is itself dubious), it is difficult to say that the context of use does not include the word FAKE. Post-sale confusion may not be an answer to this problem if the word FAKE is as prominent as the word ROLEX. But this would not mean that the trade mark proprietor was left without a remedy, because it could still bring a claim under section 10(3) of the 1994 Act (extended protection) where the trade mark has a reputation.
58. Having cited *PlanetArt*, the judge said at [67] that “[t]here are sound policy reasons for not taking an over-expansive view of the context of the allegedly infringing use”. While I have some sympathy with that point of view, the issue of how far context extends is a difficult one for the reasons explained above. It follows that it is best decided in a case where it actually matters. It does not matter in this case, because the crowded market is relevant to the distinctive character of the Trade Marks regardless of how narrowly or broadly the context of the allegedly infringing use is drawn.

(iii) “No significant proportion of the relevant public”

59. The final part of ground 1(a) is limb (iii). This contains a triple negative, which indicates how convoluted the argument is.
60. The starting point here is that the court may properly find infringement if a significant proportion of the relevant public is likely to be confused: see *Interflora Inc v Marks and Spencer plc* [2014] EWCA Civ 1403, [2015] FSR 10 at [129] (Kitchin LJ giving the judgment of the Court of Appeal). It follows that the court must necessarily have regard to the impact of the accused sign on the proportion of consumers to whom the trade mark is particularly distinctive: see *Comic Enterprises* at [34](v).
61. The Claimants argue that the judge did not find that no significant proportion of consumers were unaware of the third party uses, nor was there any evidential basis for such a finding. They go on to argue that it follows that there must have been a significant proportion of the public to whom the Trade Marks were more distinctive than the judge found and thus more likely to be confused by the use of the Signs.
62. I do not accept this argument. The judge made findings as to the distinctive character of the Trade Marks in the minds of average consumers in each of the relevant markets based upon the totality of the available evidence. He was right to do so. It does not appear to have been argued at trial that there were distinct publics with different knowledge and therefore different perceptions of the Trade Marks. Nor does there appear to have been any evidential basis for such a finding. Nor was there any burden on the Defendants to prove the negative, as the Claimants’ argument implies.
63. Finally, I should note that the Claimants’ skeleton argument contained a number of criticisms of the judge’s assessment of the evidence. These criticisms were rightly not pursued by counsel for the Claimants in oral argument since they fall outside the grounds of appeal for which the Claimants have permission and in any event do not demonstrate any error of principle on the part of the judge.

Ground 1(b): the relevance of coexistence agreements

64. The Claimants contend that the judge was wrong to reject their argument that coexistence agreements are irrelevant. The Claimants rely upon Case T-90/05 *Omega SA v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2007] ECR II-145. That case was a battle in the wider war between the watchmaker Omega SA and the US engineering company, Omega Engineering. Omega SA had applied for a Community trade mark comprising the Greek symbol above the word OMEGA in a wide range of goods and services. Omega Engineering’s opposition was based on their earlier French mark OMEGA registered for goods in class 9 and services in class 42. Omega Engineering also relied on an agreement with Omega SA.
65. The Opposition Division upheld the Opposition in its entirety on the ground of likelihood of confusion. It stated that OHIM could not be bound or influenced by the provisions of a private agreement between the parties. The Second Board of Appeal dismissed Omega SA’s appeal. On Omega SA’s appeal to the General Court, OHIM argued that the terms of the co-existence agreement were ambiguous and repeated the

point that it could not be bound by the terms of a private agreement between the parties.

66. The General Court said at [49]:

“With regard ... to the agreement between the parties, it must be noted that by that agreement the applicant undertook, inter alia, not to seek registration of the trade mark OMEGA in respect of apparatus industrially or scientifically employed for measuring or controlling variable parameters such as temperature, pressure, force, load, vibration, electrical conductivity, liquid level, acidity, humidity, strain and flow. However, it is not apparent from the provisions of that agreement that the intervener undertook not to oppose registration of the trade mark OMEGA by the applicant. In any event, without its being necessary to consider the consequences of the agreement for the parties, the fact remains that the agreement is irrelevant to the assessment of the likelihood of confusion in the present case.”

67. The judge said at [82] that this conclusion was “entirely understandable”, but that it did not “establish the more general proposition which the Cs sought to establish i.e. that all co-existence agreements are irrelevant to the assessment of the likelihood of confusion”.

68. The Claimants contend that the judge was wrong about this. I disagree. Like the judge, I consider that the General Court’s conclusion in *Omega* is entirely understandable. If a coexistence agreement bars party A from opposing the registration of a trade mark by party B, but party A nevertheless opposes an application by party B, then party B’s remedy is to enforce the contract. If the agreement does not prevent party A from opposing party B’s application, then the court or tribunal must decide whether the relevant ground of opposition is established. If the relevant ground of opposition is that there is a likelihood of confusion, then the court must assess whether that is so or not. The agreement between A and B cannot determine whether the public is likely to be confused or not.

69. As the judge held, it does not follow that the existence and effects of coexistence agreements between participants in the market are necessarily irrelevant to the assessment of likelihood of confusion. As sub-paragraph (a) of the standard summary set out in paragraph 11 above indicates, the CJEU has repeatedly held that, as stated in the tenth recital to Directive 89/104, “[t]he existence of a likelihood of confusion on the part of the public must ... be appreciated globally, taking into account all factors relevant to the circumstances of the case”: see e.g. *SABEL* at [22]. Coexistence agreements may form part of the factual background against which the court or tribunal must make its assessment. In so far as they have effects on the relevant market, it may be necessary to take those effects into account. Even if they have no effect on the market, they may give some insight into what market participants consider to be acceptable or unacceptable. Provided that caution is exercised before drawing any conclusion from this, it may be appropriate to take it into account as part of the global assessment of the likelihood of confusion.

70. In the present case the judge considered at [167] that the two coexistence agreements between Ralph Lauren and each side provided “a very useful and practical insight into the market for ‘polo’ brands and especially those which feature a polo horse and rider motif”. He went on at [168]:

“These co-existence agreements indicate that RL considers the combination of differences in the appearance of the horse and rider motif and the accompanying words are sufficient to avoid consumer confusion. Of course, RL has not had to assess or consider the comparison I have to make in this action, but the point is that the comparisons RL had to consider involved less distinguishing matter than I have to consider. The views of RL which I infer from these co-existence agreements are in no sense determinative and I must still carry out the process of comparison and global assessment required by the caselaw.”

71. When it came to carrying out his global assessment, the judge made no reference to any of the coexistence agreements which are in evidence. His conclusion that there was no likelihood of confusion was based in particular upon (i) his evaluation of the distinctive character of the Trade Marks, (ii) his assessment of the degree of visual, aural and conceptual similarity between the Trade Marks and the Signs and (iii) the absence of any significant evidence of actual confusion despite considerable side-by-side trading in some territories. It follows that the judge made no error of law or principle in his treatment of the coexistence agreements.

Ground 2: post-sale confusion

72. Since this ground is conditional upon ground 1, it does not arise. I would nevertheless comment that I cannot see how there could be a likelihood of post-sale confusion in this case if there was no likelihood of confusion at the point of sale. This is not a case where the judge held that a likelihood of confusion had been negated by contextual factors extraneous to the Signs operative at the point of sale despite the Signs themselves being confusingly similar to the Trade Marks. On the contrary, he held that the Signs were not confusingly similar to the Trade Marks. That is not a surprising conclusion.

Lord Justice Nugee:

73. I agree.

Lord Justice Baker:

74. I also agree.