

Neutral Citation Number: [2014] EWHC 181 (Ch)

Claim No HC 12C00385

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY

Date: 10 February 2014

Before :

Mr John Baldwin QC
(sitting as a Deputy Judge of the Chancery Division)

Between :

1. COSMETIC WARRIORS LIMITED
2. LUSH LIMITED

Claimants

- and -

1. AMAZON.CO.UK LIMITED
2. AMAZON EU SARL

Defendants

Michael Bloch QC, Simon Malynicz and Simon Atkinson (instructed by Lewis Silkin LLP) appeared on behalf of the Claimants.

Henry Carr QC and Thomas Mitcheson (instructed by Edwards Wildman Palmer UK LLP) appeared on behalf of the Defendants.

Hearing dates: 25th to 29th November 2013

Judgment

1. The Claimants, who I will call Lush, are the manufacturers and suppliers of cosmetics under the Lush brand. Lush is well known for its colourful soaps and also for its bath bombs. I was told that Lush invented the bath bomb and originally was closely associated with that name.
2. The Defendants, who I shall call Amazon, are part of an online shopping group which trades under the Amazon brand. Amazon contends that it is the largest online shopping retailer in the world. It sells via its website both its own goods and the goods of third parties.
3. The Claimants are, respectively, the registered proprietor and exclusive licensee of Community trade mark number 1388313 for the sign Lush in respect of cosmetics and toiletries, including soap, in class 3, and the action is for infringement of trade mark. The first Claimant owns other trade marks as well, but it was common ground that I need consider only this one for the purposes of determining liability. Originally there claims under Articles 5(1)(a) and 5(2) of the Directive¹ (Articles 9(1)(a) and 9(1)(c) of the Regulation²) and passing off but only the first claim was maintained by the end of the hearing. At one point there was a counterclaim for invalidity of the registration based on lack of distinctive character but this was dropped well before the hearing.
4. The second Defendant operates the website at www.amazon.co.uk and the first Defendant operates fulfilment centres located in the UK as well as offering logistic services to the second Defendant. Although Amazon is a world wide brand, this action concerns only the operation of the UK site. Up to the present it has not been possible to buy the Claimants' products from www.amazon.co.uk. However Amazon do sell certain Lush branded products, including Lush Hair Extensions (from the Beauty Department), from a third party supplier.
5. Lush alleges that both Defendants are joint tortfeasors in connection with the matters complained of, that they are each party to a common design to infringe the Lush trade marks. Amazon accepts that any order of the court will be satisfied jointly by both Defendants, but denies the allegation. This is a matter to which I

¹ Directive 2008/95/EC

² Council Regulation (EC) No 207/2009

will return. Neither side appeared to contend that the allegation had much significance in the great scheme of things, but Amazon were concerned to establish that it failed on the facts. Finally, in addition to a general denial of infringement, Amazon relies on the provisions of Articles 12(1) and/or 14(1) of the E-Commerce Directive 1000/31/EC.

6. There are three classes of claim and each must be addressed separately. The first two concern the consequence of a consumer typing the word Lush, or an expression containing Lush, into a search engine such as Google, and the third concerns the consequence of a consumer typing the word Lush into the search facility on the amazon.co.uk website.
7. Thus, the first two classes of claim concern internet advertising and are a result of Amazon having bid on certain keywords, in particular ones including 'lush', within the Google AdWords service so as to trigger a sponsored link advertisement appearing on the Google search engine results page (typically on the right hand side of, or above, what are known as the "natural" or "organic" results) whenever a consumer types 'lush' into the search box.
8. Members of the first class of advertisements show the Lush mark in several places, the following example of a result of a search for 'lush' being annexed to the Particulars of Claim:

Lush Soap at Amazon.co.uk
www.amazon.co.uk/lush+soap
amazon.co.uk is **rated** *****
Low prices on **Lush** Soap
Free UK Delivery on Amazon Orders.

If a consumer clicks on the relevant link he is taken to the amazon.co.uk website and presented with the opportunity to browse or purchase equivalent products to Lush Soap. There is no overt message either within the advertisement or on the Amazon site that Lush Soap is not available for purchase from Amazon.

9. Members of the second class of advertisements do not show the Lush mark, but do show references to equivalent or similar products to those sold by Lush, the

following example of a result of a search for 'lush cosmetics bath bomb' being annexed to the Particulars of Claim:

Bomb Bath at Amazon.co.uk
www.amazon.co.uk/bomb+bath
amazon.co.uk is **rated** *****
Low prices on Bomb Bath
Free UK Delivery on Amazon Orders.

If a consumer clicks on the relevant link he is taken to the amazon.co.uk website and presented with the opportunity to browse or purchase Bomb Cosmetics and other similar products. There is no overt message to the effect that the Lush Cosmetics Bath Bomb is not available for purchase on the Amazon website.

10. In the annex just referred to, there is another sponsored ad and it is from a third party and it appears above the one for Amazon. It is in the form:

Large Range of Bath Bombs
www.[url of third party]
Huge discounts available to buy
bath bombs on line. Fast delivery

11. The third class of alleged infringements relates to the operation of Amazon's own website. By way of example, if a consumer searches for the word 'Lush' in the relevant "department" of Amazon's UK site (e.g. "Beauty" or "Health and Personal Care"), the first thing to happen after the letters 'lu' are typed, is that a drop down menu appears and various options are offered such as 'lush bath bombs' or 'lush cosmetics' or 'lush hair extensions', the consumer being offered the opportunity to click on one of these options whereupon a new page will appear. In the case of a consumer clicking on 'lush bath bombs' or 'lush cosmetics' the new page will offer similar products to those available from Lush without any overt reference to the Lush item not being available. In the case of a consumer clicking on Lush hair extensions, the consumer is presented with a page containing hair extensions from a third party manufacturer called Lush as well as other third party products.

12. If however the consumer continues to type in Lush into the search bar and then searches the site, the following page may be displayed:

Shop by
Department

Search Beauty Lush

Go

Hello. Sign in
Your AccountTry
Prime

Basket

Wish
List

Beauty Brands Best Sellers Gift Ideas Make-up Skin Care Fragrance Manicure & Pedicure Hair Care Bath & Body Sun Care & Tanning

Departments

< Any Category

Beauty

- Bath Bombs (29)
- Bath & Body (109)
- Skin Care Gift Sets (27)
- Sets (52)
- Skin Care (79)
- Soaps & Hand Wash (7)
- Bubble Bath (22)
- Hand & Nail Creams (3)
- Hair Extensions (208)
- Polish (8)
- + See more...

Delivery Option (What's this?)

- FREE Super Saver Delivery

Brand

- Bomb Cosmetics
- Lush
- Burt's Bees
- Pukka Hair Extensions
- Pukka Hair
- China Glaze
- MAC
- Bimble
- Beautify
- Stila
- Hothair
- ColourVUE
- MeMeMe Cosmetics
- Super By Dr. Nicholas Perricone
- Estee Lauder
- > See more...

Subscription Option (What's this?)

- Subscribe & Save (2)

Avg. Customer Review

- ★★★★☆ & Up (88)
- ★★★★☆ & Up (110)
- ★★★★☆ & Up (117)

Beauty > "Lush"

Related Searches: lush bath bombs, lush cosmetics, lush products.

Showing 1 - 24 of 638 Results

Detail Image

Sort by Relevance



Bomb Cosmetics Chocolate Ballotin Assortment Bath Gift Set

£9.99 **£9.35** ✓Prime
Order in the next **11 hours** and get it by Friday, Nov 22.
Eligible for FREE Super Saver Delivery.

More buying choices
£7.35 new (10 offers)
★★★★☆ (158)



Bomb Cosmetics Funkadelic Gift Pack

£12.00 **£11.06** ✓Prime
Order in the next **11 hours** and get it by Friday, Nov 22.
Eligible for FREE Super Saver Delivery.

More buying choices
£8.60 new (10 offers)
★★★★☆ (40)



Bomb Cosmetics Mistletoe Kiss Gift Set

£12.00 **£11.76** ✓Prime
Order in the next **11 hours** and get it by Friday, Nov 22.
Eligible for FREE Super Saver Delivery.

More buying choices
£8.99 new (7 offers)
★★★★☆ (47)



Bomb Cosmetics Sweet Heart Gift Set

£12.00 ✓Prime
Order in the next **11 hours** and get it by Friday, Nov 22.
Eligible for FREE Super Saver Delivery.

More buying choices
£8.67 new (7 offers)
★★★★☆ (68)



Bomb Cosmetics Vintage Velvet Gift Set

£12.00 **£10.74** ✓Prime
Order in the next **11 hours** and get it by Friday, Nov 22.
Eligible for FREE Super Saver Delivery.

More buying choices
£8.60 new (14 offers)
★★★★☆ (41)



Bomb Cosmetics Christmas Cheer Gift Pack

£13.75 (£2.12/100 g)
In stock

More buying choices
£12.00 new (4 offers)
★★★★☆ (2)

Within this page, the uppermost instance of Lush was by the consumer making an entry into the search box, the second uppermost (adjacent the word Beauty and surrounded by double quotation marks) was arranged to occur by Amazon and is intended to be a repeat of the consumer request, the third uppermost (and following the heading 'Related Searches') was arranged to occur by Amazon and is a list of searches to indicate to the consumer what prior consumers, also searching for Lush, have also searched (this list being extracted from a database of such information which Amazon has compiled for this purpose), and the entry for Lush under Brand at the left hand side is arranged by Amazon, to indicate to the consumer what brands may be searched for in the Beauty category. The list of products in the body of the web page are products which Amazon hopes will be of interest to a consumer searching for Lush products; none of them are the

Claimants' products and the promotion for Lush Hair Extensions is not seen until page 4 or so.

13. Slightly different results may be obtained if the consumer enters the term 'Lush' as a search into "All Departments" (i.e. all departments of Amazon) but the general picture is the same. There will be a drop down menu identifying various Lush goods and a display of products which are similar to or equivalent to those sold by Lush, there will be no display of any Lush products of the Claimants and there will be no overt message to the effect that the Claimants' Lush products are not available from the amazon.co.uk website.
14. Thus there are various examples where the Lush registered trade mark appears on the amazon.co.uk website.
15. The products which are displayed pursuant to a search request for 'Lush' fall into one of three categories, although these categories are not clearly distinguished on the Amazon site, on the contrary they appear to be all mixed up together. The first category includes goods which are owned by Amazon and Amazon sells and fulfills the order for the goods. The second category includes goods owned by a third party and Amazon provides fulfillment services (a range of services such as stocking, dispatching the order, customer service and returns). The third category includes goods which are owned by a third party and the sale is fulfilled by that or another third party. Thus in respect of this latter category, Amazon merely provides an opportunity for a customer to purchase third party goods. From the materials I have seen, the majority of the goods displayed pursuant to a search request for 'Lush' are in the first two categories.
16. There is a sub-issue in relation to the third class of complaint in that it is alleged that the competitor products within the search results are similar in appearance to the get up of Lush's products. I understand the gravamen of this allegation to be that such similarity increases the likelihood of the consumer thinking that the products returned on the search are or are connected with Lush products. The claim, however, is not limited to searches which produce goods which have this alleged similarity of get up. Moreover, and in this connection, it is relevant to note that the expression 'bath bomb', although once uniquely associated with Lush, became generic about 20 years ago and Lush has no rights in relation thereto.

17. Lush relies for its argument of infringement on its submission that Amazon's use of which it complains damages the origin function, the advertisement function and the investment function of its trade marks. With respect to the advertisement function, its evidence is that it has built up a strong reputation in the Lush mark, and that evidence was not seriously challenged. With respect to the investment function, its evidence is that it has built up a reputation for ethical and environmental friendly trading and that it has made the commercial decision not to allow its goods to be sold via the Amazon UK site because of the difference between its standards and those which it attributes to Amazon.
18. Amazon has challenged the assertion that it would be damaging to Lush if its goods were sold through the Amazon site. Moreover it points out that Lush goods were sold through the Amazon site which serves the USA between 2004 and 2011 and that, for a significant period until quite recently, they were sold through the Amazon site which serves France. The impression I got from the evidence was that Amazon would very much like to be able to sell genuine Lush products through its website; that it believes that both parties would benefit commercially if that were to happen (although its main driver was the belief that it would benefit commercially).
19. With respect to the E-Commerce Directive, although this is pleaded generally in paragraph 15 of the Defence, in its closing submissions Amazon limited it to listings on the amazon.co.uk website where sales are made by third parties and where Amazon acts as a host within Article 14 of the Directive. I can deal with this Defence quite shortly. Amazon contended that Lush's claim was extremely vague and general and that it was not at all clear in relation to which cosmetic products it was directed, with the result that Amazon had no actual knowledge of any illegal activity and was not aware of any facts or circumstances from which such activity was apparent. Amazon was concerned in particular with circumstances where, without its knowledge, some third party had incorporated the word 'lush' into hidden metadata. It contended that it could not be liable therefore and it was concerned that the pleaded case against it was wide enough to cover this scenario, drawing my attention to paragraphs 7g-i of the Particulars of Claim. From my reading of the pleadings and from Mr Bloch's argument, however, I did not understand Lush's complaint to cover such matters.

20. Lush's response to this Defence was that the action was concerned with those products supplied through its website with which Amazon was intimately involved in the sales and/or fulfillment and/or presentation of the product results. I did not understand there to be any claim that Amazon has been involved with any sales by third parties who have used the mark Lush as a sign for their products (save products such as Lush Hair Extensions which are outside the scope of the Claimants' rights) with the consequence that the sign appears on the amazon.co.uk webpages. Nor did I understand the claim to include a claim in respect of a circumstance where, unknown to Amazon, a third party has incorporated the word 'lush' in some hidden metadata connected with its product. Lush's closing submissions regarding the E-Commerce directive contained nothing which points to a different conclusion. In the circumstances, I think this Defence is to a claim which is not being put forward.
21. Before turning to the specific areas of complaint, it may be useful to describe briefly how this matter has come about. Amazon has become a successful online retailer because, in part, of the software it has developed based upon consumers' use of its website and the browsing and purchasing that has taken place. This analysis of consumer behaviour on the amazon.co.uk website has been used in two ways.
22. In connection with third party search engines such as Google, and predominantly based on a detailed analysis of consumer behaviour on its own site and the likely value which will be generated from any purchase, Amazon has created software which will automatically decide on which adwords to bid. Thus at some point in time Amazon software has decided it is commercially advantageous for it to bid on 'lush' and 'bath bomb' as an adword in third party search engines. The consequence is that, for example, whenever the word 'lush' or 'bath bomb' is typed into Google, an Amazon sponsored ad appears on the consumer's screen. The content of that ad is decided upon by Amazon; I understand it is done automatically following a template, but the precise way it is done is not material. In the first class of complaints the word Lush is used in the ad (as in the example in paragraph 8 above), in the second class it is not.
23. In connection with the search engine on its own site, Amazon has also used analyses of consumer behaviour. Thus for example, if a consumer types Squiffo

into the search box and that term has not been typed in previously, no results will be shown and the screen may ask if the consumer meant 'squiff' and display some results for squiff products. However, if the consumer who originally typed in squiffo goes on to purchase some goods, these goods might be suggested to the next consumer who types in squiffo. It is for reasons like this that consumers who type Lush into the amazon.co.uk search facility are shown products such as Bomb Cosmetics products – previous consumers who typed in Lush have gone on to browse and/or purchase such products. Thus, Amazon has built up and uses a behavior based search tool to identify an association between a particular search word and specific products. Amazon uses this tool to present products to consumers which it hopes will be of interest to them. In the present case, this tool has used the word Lush to identify products which Amazon believes a consumer searching for Lush products might wish to buy instead of Lush branded product.

24. It is common for search engines to return a 'no results found' or similar response to a search when no results precisely corresponding to a search entry are returned and I consider the average consumer will be aware of this practice. Amazon do not return such a response to a search item if that search item has been input previously and a consumer has gone on to purchase products. Thus, although it is not possible to buy, for example, Lush Bath Bombs on Amazon, because that search term has previously been used on Amazon and goods purchased subsequent thereto, the consumer is not told that the item he is looking for is not available. I infer that the reason Amazon does not do this is that such would not be in its commercial interests, that it is concerned that it may lead to a decrease in sales or to its reputation.

The alleged infringements

25. The operation of the Google AdWords service since 5 May 2008 is described in detail in the judgment of Arnold J in *Interflora Inc v Marks and Spencer plc* [2009] EWHC 1095 (Ch) at [14] to [27] and it is not necessary to repeat that here. Suffice it to say that Amazon has an arrangement with Google so that an advertisement for Amazon appears on the screen of a consumer who has searched for Lush on Google.

26. Amazon stopped the practice of bidding for Lush keywords on third party search engine sites on 29 February 2012, shortly after complaint was made and prior to the issue of proceedings, but it denies that the same was an infringement and does not undertake not to restart the practice should it be minded so to do. Thus, although it referred to the practice as 'historical', it refused to consign it to history.
27. On the other hand, Amazon regards the attack on its internal search facility when a user types in the word 'lush' as an attack on its core business model and the choice of products it offers to consumers.
28. It is common ground that, to establish infringement under Article 5(1)(a) of the Directive, six conditions must be satisfied: (i) there must be use of a sign by a third party within the relevant territory, (ii) the use must be in the course of trade, (iii) the use must be without the consent of the proprietor of the trade mark, (iv) the use must be of a sign which is identical to the trade mark, (v) the use must be in relation to goods or services which are identical to those for which the trade mark is registered, and (vi) the use must be such as to affect or be liable to affect the functions of the trade mark.
29. *Google France* (Case C-236/08) [2010] RPC 19 was a case of keyword advertising and, so far as relevant to this case, established the following propositions (see paragraphs [75] – [98]):
- 29.1. where an advertiser purchases from a search engine operator (such as Google) a keyword which is identical to a third party's trade mark in order to display a link to a site on which he offers his goods or services for sale, that advertiser *uses* the third party's trade mark *in the course of trade*.
- 29.2. where an advertiser, through use of a keyword, is seeking to offer its own goods or services as an alternative to those of the third party, the advertiser uses the sign comprising the keyword *in relation to those goods or services*
- 29.3. in the circumstances of the foregoing, it is for the national court to assess, on a case-by case basis, whether the use made by the advertiser affects the functions of the trade mark.

- 29.4. whether the function of a trade mark is adversely affected depends in particular on the manner in which the ad is presented,
- 29.5. the function of indicating origin will be adversely affected if the ad does not enable normally informed and reasonably attentive internet users or enables them only with difficulty, to ascertain whether the goods or services referred to in the ad originate from or are connected with the proprietor of the mark or, on the other hand, from a third party
- 29.6. ordinary keyword advertising is not liable to have an adverse effect on the advertising function of a trade mark.
30. *Google France* did not deal with the investment function of a trade mark, a matter picked up by the First Chamber of the CJEU in Case C-323/09 *Interflora v Marks & Spencer* [2012] FSR 3, especially paragraphs [60] to [64] and [65] where the court held that it was for the national court to determine whether the use of the sign complained of jeopardized the maintenance by the trade mark proprietor of a reputation capable of attracting consumers and retaining their loyalty.
31. Arnold J considered the investment function further in *Interflora v Marks & Spencer* [2013] FSR 33 at [270] to [274], concluding that if a third party's keyword advertising adversely affects the reputation of a trade mark, as for example where the image the trade mark conveys is damaged, then there is an adverse affect on the investment function.
32. In relation to the requirement in paragraph [84] of *Google France* that the relevant internet users must be able to 'ascertain without difficulty', Mr Bloch QC for Lush submitted that the word 'ascertain' suggests a reasonably high threshold must be applied. However, I do not find it helpful to consider thresholds. To my mind a person can either ascertain something without difficulty or not; introducing concepts of thresholds does not, in my view, get one very far.
33. Furthermore in relation to paragraph [84] of *Google France*, Arnold J in *Interflora* [2013] FSR 33 at [232] – [241] interpreted the CJEU as shifting the onus of proof onto the advertiser to show no real risk of confusion on the part of the average consumer as to the origin of the advertised goods or services. There may be circumstances where this is a useful approach but in the present case I

have found the teaching in *Google France* to be sufficiently clear for me not to need to go down that route. Moreover, Mr Carr QC for Amazon reminded me of *Stephens v Cannon* [2005] CP Rep 31 where the Court of Appeal observed that it required an exceptional case for a court to resort to burden of proof to determine which party succeeds.

34. Regarding the approach of the court to the consequences of the use of trade marks and internet searches, it is now established that the results thrown up by search engines fall within the general description of ordinary consumer services in relation to which the judge can make up his or her own mind without the need for expert evidence or the evidence of consumers (*Interflora v Marks & Spencer* [2013] FSR 21, [59] *per* Lewison LJ). I consider that this is the appropriate approach to take in this case. In this context, it was common ground that the perspective was that of the reasonably well informed and reasonably observant internet user interested in the products in question.
35. There are some observations from the authorities which are helpful in relation to these types of alleged infringements, the first being in paragraphs [85] to [87] of *Google France* and it is convenient to see them with paragraph [84]:

84 The function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party (see, to that effect, *Céline*, para.27 and the case-law cited).

85 In such a situation, which is, moreover, characterised by the fact that the ad in question appears immediately after entry of the trade mark as a search term by the internet user concerned and is displayed at a point when the trade mark is, in its capacity as a search term, also displayed on the screen, the internet user may err as to the origin of the goods or services in question. In those circumstances, the use by the third party of the sign identical with the mark as a keyword triggering the display of that ad is liable to create the impression that there is a material link in the course of trade between the goods or services in question and the proprietor of the trade mark (see, by way of analogy, *Arsenal Football Club*, para.56, and *Case C-245/02 Anheuser-Busch Inc v Budejovicky Budvar NP* [2004] E.C.R. I-10989, [2005] E.T.M.R. 27, para.60).

86 Still with regard to adverse effect on the function of indicating origin, it is worthwhile noting that the need for transparency in the display of advertisements on the internet is emphasised in the European Union legislation on electronic commerce. Having regard to the interests of fair trading and consumer protection, referred to in recital 29 in the preamble to Directive 2000/31, Art.6 of that Directive lays down the rule that the natural or legal person on whose behalf a commercial communication which is part of an information society service is made must be clearly identifiable.

87 Although it thus proves to be the case that advertisers on the internet can, as appropriate, be made liable under rules governing other areas of law, such as the rules on unfair competition, the fact nonetheless remains that the allegedly unlawful use on the internet of signs identical with, or similar to, trade marks lends itself to examination from the perspective of trade-mark law. Having regard to the essential function of a trade mark, which, in the area of electronic commerce, consists in particular in enabling internet users browsing the ads displayed in response to a search relating to a specific trade mark to distinguish the goods or services of the proprietor of that mark from those which have a different origin, that proprietor must be entitled to prohibit the display of third-party ads which internet users may erroneously perceive as emanating from that proprietor.

36. Thus the CJEU pointed out that infringement should be found where the average consumer may erroneously think that the goods advertised emanate from the trade mark proprietor.

37. In relation to the factual position, we have first the observations of Jacob L J made some 10 years ago in *Reed Executive Plc v Reed Business Information Ltd* [2004] RPC 40 and those of Henderson J made more recently, both of which were cited with approval by Lewison LJ in *Interflora v Marks & Spencer* [2013] FSR 21:

56 AdWords and internet searches have already made their way into reported cases. In *Reed* [2004] R.P.C. 40 Jacob L.J. said (at [137]–[142]):

"...As anyone who uses internet searches knows, in addition to the results of a search under a particular name or phrase, one often gets unasked for 'banner' advertisements. Most of the time they are nothing but an irritation and are ignored. But you can, if you wish, 'click-through', *i.e.* click on the banner and be taken to the advertiser's site. ... The web-using member of the public knows that all sorts of banners appear when he or she does a search and they are or may be triggered by something in the search. He or she also knows that searches produce fuzzy results—results with much rubbish thrown in. The idea that a search under the name Reed would make anyone think there was a trade connection between a totaljobs banner making no reference to the word 'Reed' and Reed Employment is fanciful. No likelihood of confusion was established."

57 In *32Red Plc v WHG (International) Ltd* [2011] EWHC 62 (Ch); [2011] R.P.C. 26 Henderson J. said (at [145]):

"Adwords are a familiar feature of life on the internet, and the reaction of the average consumer, when the sponsored link to 32red.com came up on his screen, would I think be one of indifference or irritation, but not of confusion. If the consumer then clicked on the 32Red site, its clear branding could have left no room for reasonable doubt about the identity of the casino whose services were on offer. If the consumer did not click on the site, he will presumably have continued with the search which he originally intended, and is most unlikely to have supposed that there was any business connection between 32Red and the site which he originally sought to access. In a very few cases, the customer may have been grateful for the reminder that there was another online casino called 32Red, but in such cases confirmation or clarification would have been the result, not confusion. I am therefore wholly unpersuaded that the effect of 32Red's adword campaign was to mislead the public."

58 This finding was not disturbed on appeal: *32Red Plc v WHG (International) Ltd* [2012] EWCA Civ 19; [2012] R.P.C. 19 (at [72]).

The first class of alleged infringements

38. This class is illustrated by the example in paragraph 8 above. From the matters already set out, the only issue is with respect to the sixth integer required to be established to prove infringement. It is clear, following *Google France*, that if the ad appeared as a result of Amazon having bid on Lush as a keyword, Amazon has used the mark in the course of trade in relation to the relevant goods.
39. Mr Bloch QC, counsel for Lush, submitted the matter was straightforward. Not only could the average consumer not tell without difficulty (cf *Google France* [84] and paragraph 29.5 above) that the goods referred to in the ad did not come from Lush, but he was positively being told that the goods did come from Lush and these genuine goods could be bought on Amazon.
40. Mr Carr QC, counsel for Amazon, contended however that the matter was not so simple. He submitted that sponsored ads were a familiar feature of life to the internet user, that if that user were at all interested in the ad he would click through and in a moment he would learn that the goods had nothing to do with Lush at all. Further, he submitted that the reference in *Google France* to the concept of 'without difficulty' embraced the notion of some inquiry being made, albeit not an inquiry of any difficulty. That simple inquiry would reveal that Amazon was not offering Lush goods but was offering equivalents.
41. Mr Carr argued that this was not a case of infringement as a result of initial interest confusion of the 'bait and switch' variety (cf *Och-Ziff Management* [2011] FSR 11, [79] – [101] *per* Arnold J), the reasons being (i) the ease with which a consumer can click away from Amazon as soon as he realises he is not being offered products of interest – contrast, for example, the physical situation of a consumer having been lured into a shop, and (ii) the familiarity the consumer has with sponsored ads including the fact that many sponsored ads are ads for competitor products.
42. In my judgment, Lush establishes infringement with respect to this class of case. I consider that the average consumer seeing the ad in paragraph 8 above would

expect to find Lush soap available on the Amazon site and would expect to find it at a competitive price. Moreover, I consider that it is likely that if he were looking for Lush soap and did not find it immediately on the Amazon site, then he would persevere somewhat before giving up. My reason is that the consumer is likely to think that Amazon is a reliable supplier of a very wide range of goods and he would not expect Amazon to be advertising Lush soap for purchase if it were not in fact available for purchase. Thus, on the facts of this case, I reject Mr Carr's argument to the effect that the average consumer would, without difficulty, ascertain that the goods referred to by the ad were not the goods of or connected with Lush, the Claimants.

The second class of alleged infringements

43. This class is illustrated by the example in paragraph 9 above. In particular, I am concerned with the situation of this advertisement appearing as a result of Amazon bidding on a keyword containing the word 'lush'. I am not concerned with a case in which exactly the same ad might appear as a result of Amazon having bid on a key word comprising 'bath bomb'. In such a situation the ad would appear in response to the entry by a consumer of 'lush cosmetics bath bomb', but this would not be due to any use by Amazon of the sign Lush.
44. With this matter in mind and just as with the first class of alleged infringements, the only issue is with respect to the sixth integer required to be established. Just as with the first class of infringements, the test to be applied is that set out in paragraph [84] of *Google France*.
45. In argument, Mr Bloch lumped this class of infringements with the first class and contended that it was clear that the average consumer would expect the sponsored link to be of goods which were identified from the search term entered by the consumer. I do not accept this argument. It fails to recognize that consumers are familiar with sponsored ads and are used to seeing such ads from competing suppliers.
46. Moreover, the evidence establishes that Lush are brand conscious and have made great efforts to build up a reputation in the Lush name. In my judgment average consumers would expect an advertisement for Lush products to include some

reference to the Lush mark, some indicia which would distinguish that ad from the ads of others which he might expect to see on the results page of a Google search.

47. In *Interflora v Marks & Spencer* [2013] FSR 33 Arnold J held there to be infringement although the offending ad made reference only to 'M & S Flowers Online' and not to 'Interflora'. But that was, in part, because Interflora represents a network of flower shops and the court was not satisfied that the average consumer would appreciate that Marks & Spencer were not members of that network. So I think that case is different on the facts from the one before me.

48. It will be recalled that in the example pleaded and referred to in paragraphs 9 and 10 above, there was an ad for a third party as well as one for Amazon. In my judgment the presence of such other ads makes the position even clearer. The average consumer could not reasonably fail to appreciate that the Amazon ad was just another ad from a supplier offering similar products to those requested by the internet searcher. My conclusion on this part of the case does not, however, depend on the presence of this other ad.

The third class of alleged infringements

49. This class relates to the presence of the Lush trade mark on the Amazon site. Amazon contended that this class was by far the most important since, it contended, it went to the root of its business model.

50. As can be seen from paragraphs 11 and 12 above, the sign Lush appears in a number of places on the relevant Amazon web page and it is necessary to consider each type of use separately, but in context (and the context includes the fact that there is more than one use of the trade mark on the web page). In relation to each type of use there are two issues: is the use a use in the course of trade by Amazon in relation to the relevant goods and, if so, is it such as to affect the function of the trade mark (conditions (ii) and (vi) in paragraph 28 above). I say there are only two issues since it seems to me that if condition (ii) is satisfied, it is reasonably clear that conditions (iv) and (v) are also satisfied.

51. In connection with the issue of use, Mr Bloch contended that the matter was clear beyond peradventure. He submitted this was not a case like *Google France* since both the search engine operator and the advertiser were one and the same, further

that the purpose and effect of Amazon's use of the Lush mark was to induce consumers to purchase non-Lush products.

52. Mr Carr also contended the matter was clear, but his submission was that, on the Amazon site, Amazon made no use at all of the Lush sign. In support of his submissions he relied on the CJEU and *L'Oreal v eBay* Case C-324/09; [2011] RPC 27.

53. Mr Carr also submitted that Amazon's search facilities are of benefit to the consumer since they enable easy navigation of the Amazon catalogue and enable consumers to locate information and decide for themselves whether that information is relevant. He submitted that the search engine places the consumer in control of the search process and that Lush are seeking by this action to remove that control from consumers and thereby restrict or hinder competition. He urged that intellectual property rights should not be exercised in a way which unduly interferes with the basic right of the public to access technological development, relying on *Google France* and the observations of Lord Sumption in *Public Relations Consultants Association Ltd v Newspaper Licensing Agency* [2013] UKSC 18, paragraph [36]. In my judgment, however this right of the public to access technological development does not go so far as to allow a trader such as Amazon to ride rough shod over intellectual property rights, to treat trade marks such as Lush as no more than a generic indication of a class of goods in which the consumer might have an interest.

54. In *L'Oreal v eBay*, L'Oreal's complaint was that some counterfeit L'Oreal goods were being traded on eBay's website and it wished to hold eBay liable therefor. eBay's response was that it was merely an online market place bringing together buyers and sellers but taking no part in the sales transactions which resulted therefrom. It contended that although offers for sale of counterfeit L'Oreal goods appeared on its site, it had no responsibility therefor and was not itself using the relevant L'Oreal trade marks. The Grand Chamber of the CJEU said this:

C— The eighth question concerning the use of signs corresponding to trade marks in offers for sale displayed on the website of an operator of an online marketplace

98 By its eighth question, the referring court asks, in substance, how the display, on the website of the operator of an online marketplace, of signs identical with or similar to trade marks is to be regarded in the light of Directive 89/104 and Regulation No 40/94.

99 In that regard, it is first necessary to point out that, where sales are made through online marketplaces, the service provided by the operator of the marketplace includes the display, for its customer-sellers, of offers for sale originating from the latter.

100 Next, when such offers relate to trade-marked goods, signs identical with or similar to trade marks will inevitably be displayed on the website of the operator of the online marketplace.

101 Although it is true that, in those circumstances, those signs are 'used' on that site, it is none the less not evident that it is the operator of the online marketplace that is 'using' them, within the meaning of Directive 89/104 and Regulation No 40/94.

102 If a sign identical with, or similar to, the proprietor's trade mark is to be 'used', within the meaning of Art.5 of Directive 89/104 and Art.9 of Regulation No 40/94, by a third party, that implies, at the very least, that that third party uses the sign in its own commercial communication. In so far as that third party provides a service consisting in enabling its customers to display on its website, in the course of their commercial activities such as their offers for sale, signs corresponding to trade marks, it does not itself use those signs within the meaning of that EU legislation (see, to that effect, *Google France and Google*, paras.56 and 57).

103 As was stated, inter alia by the United Kingdom Government and the Commission at the hearing and by the Advocate General at points 119 and 120 of his Opinion, it follows that the use of signs identical with or similar to trade marks in offers for sale displayed on an online marketplace is made by the sellers who are customers of the operator of that marketplace and not by that operator itself.

104 Inasmuch as it enables that use to be made by its customers, the role of the online marketplace operator cannot be assessed under Directive 89/104 or Regulation No 40/94, but must be examined from the point of view of other rules of law, such as those set out in Directive 2000/31, in particular in s.4 of Chapter II, which concerns the 'liability of intermediary service providers' in electronic commerce and comprises Arts.12 to 15 of that directive (see, by analogy, *Google France and Google*, para.57).

105 In view of the foregoing, the answer to the eighth question is that the operator of an online marketplace does not 'use' —for the purposes of Art.5 of Directive 89/104 or Art.9 of Regulation No 40/94 —signs identical with or similar to trade marks which appear in offers for sale displayed on its site.

55. It is clear from this that if third party sellers were using the Lush mark on their goods and were using the Amazon site merely as an online market place, then Amazon would not be using the mark. But that is not this case. None of the products offered on Amazon bear the Lush trade mark of the Claimants (those that do bear the Lush mark, eg Lush Hair Extensions, do so because they are outside the scope of the Claimants' trade marks).

56. It seems to me that paragraph [102] of the *L'Oreal v eBay* citation above, which follows the teaching in *Google France*, offers helpful guidance in that it points out that what is required is a commercial communication by a third party for that party to be using the mark in the course of trade in relation to the relevant goods. The question for me is whether Amazon's use, as typified by paragraphs 11 and 12

above, constitutes such use and, if so, whether it affects the function of the trade mark.

57. The facts of the present case are quite different from those in either *Google France* or in *L'Oreal v eBay*. In brief, in this case Amazon is both the designer and operator of the search engine and the operations on its site include the three categories referred to in paragraph 15 above. Although it may be wearing different hats when it designs its search engines and sells its goods, I have no doubt that the design of the search engine is carried out in order to maximize the sale of goods from the site. It is this philosophy which has made Amazon the UK's biggest online retailer. Nor do I consider it necessary to distinguish for the purposes of determining liability the three separate categories of sales via the website. In relation to the third category, Amazon may just be an online market place but the items in this category are mixed up with those in the other two categories, and Amazon's involvement in the transactions of these other two categories is more than sufficient for it to be commercially involved in the offering for sale and selling; the display on the website is part of its own commercial communication within paragraph [102] of *L'Oreal v eBay*. In my judgment this use is much more than merely use in a service consisting of enabling its customers to display on its website signs corresponding to trade marks.
58. The first use complained of is the consumer typing Lush into the Amazon search engine. I do not understand how this can be use by Amazon and I reject it as an infringement.
59. However, the matter does not stop there in relation to this entry by the consumer. As described in paragraph 11 above, when the consumer types in the first two letters of lush, ie lu, a drop down menu appears which includes, for example, 'lush bath bombs'. This is the result of Amazon's sophisticated software and its analysis of prior consumers' behaviour on the amazon.co.uk site.
60. In my judgment, the average consumer is unlikely to know how the drop down menu has the content which it displays, but is likely to believe that it is intended to be helpful to him and is some consequence of other searches that have been carried out. In my judgment it would inform the average consumer that if he were

looking for Lush Bath Bombs on Amazon, he would find them by clicking on that menu item. I reject the contention that the average consumer who was typing Lush into the search box would think that the drop down menu reference to Lush Bath Bombs was a reference merely to products which were similar to or competitive with the Lush product. Moreover, my conclusion is supported by the evidence of Dr Flidner of Amazon who accepted without hesitation that a consumer would expect the brand he was searching for to be shown as the first result, and probably as the first few results, if it were available.

61. On the facts of this case, I do not think Amazon can escape from the conclusion that it has used the Lush sign in the course of trade in relation to the relevant goods based on the principles to be found in *Google France* and *L'Oreal v eBay*. It has used the sign as part of a commercial communication that it is selling the goods on its website.
62. So I must go on to consider whether this use affects the function of the trade mark. Mr Bloch contended that the average consumer would be likely to think that the goods were indeed from Lush not only because he has been directed to them by the drop down menu but also because they have a very similar appearance to Lush goods and there is little to disabuse him of the fact that these are not Lush goods (such as a well known third party brand name) unless he pays more than average attention or drills down into the detail to find out exactly what it is he is being presented with (something an average consumer of these type of goods would not usually do if he thought he had found what he wanted).
63. Mr Carr contended that consumers are used to being presented with goods of third parties in response to search terms and that the average consumer would attach no particular significance to the content of the drop down menu other than that it might lead him to products in which he may be interested. Further he pointed out that none of the goods are branded Lush and that in and of itself would tell the consumer that the goods were not from Lush. He also stressed that this type of response from the search engine was highly advantageous to the consumer as it enabled him more easily to navigate the website and was conducive to proper and fair competition, that it was very important in terms of consumer choice. He submitted that these were matters which I should bear well in mind in striking the balance between the rights of a trade mark proprietor and the rights of the

consumer to enjoy the benefits of technology and what it can offer in terms of purchasing opportunities and access to alternative products.

64. Mr Carr submitted that any such a conclusion as contended for by Mr Bloch and based on the similarity of appearance of the goods was unfair in that it discriminated against the smaller or less well known brands. In my judgment, however, the appearance and branding of the goods returned pursuant to a search is just one of the many factors I must take into account in assessing whether the average consumer would ascertain without difficulty that the goods were not connected with Lush.
65. Furthermore and in this connection, I have taken into account the evidence of Mr Bolter, of Amazon's solicitors, who reported the results of searches for Lush on the retail sites of third parties, such as John Lewis, Debenhams, House of Fraser, Boots, Selfridges and others. In cross examination Mr Bolter accepted that the search engines of these third party retailers appeared to operate rather differently from that of Amazon, and that consumers, on the whole, probably did not understand how the different search engines decided on the results which were returned. Observations about third party retailer search engines are, in my judgment, also part of the general background of internet shopping which I have to bear in mind in considering the consequences of the interaction between the average consumer and the amazon.co.uk website.
66. In my view there is some similarity between this type of use and the use in the first class of infringements, ie the sponsored ad on Google which says Lush Bath Bombs at Amazon (for example). In circumstances where there is no overt indication whatsoever that Lush products are not available for purchase on the Amazon site and where the consumer has been informed (from the drop down menu) that Lush Bath Bombs are available, I do not consider that the average consumer would ascertain without difficulty that the goods to which he was directed did not originate from Lush (the *Google France* test).
67. Moreover I do not think the absence of any reference to Lush on the display of the goods themselves carries the day for Mr Carr. The situation is different from the sponsored ad claim where I noted that a consumer seeing an advertisement for Lush products would expect to see a reference to Lush. Here the consumer's

initial expectation is that the products are Lush products (because of the uses made of Lush on the web page and the context), a scenario that is quite different from a case where a sponsored ad making no reference to Lush appears pursuant to a search for Lush on Google.

68. Another example of this type of case was illustrated by the instance of a consumer misspelling lush on the search entry, and typing 'lsuh' in the search box for the "Health & Personal Care" department. This search inquiry elicits the response "Your search 'lsuh' did not match any products. Did you mean: lush". The next line of the response states 'Showing Top Results for "lush" in Health and Personal Care' and below that is shown a number of products similar in appearance to Lush Bath products but supplied by a different manufacturer. This example shows Amazon's appreciation of what the consumer might expect if there are no lsuh products for sale. It also goes on to illustrate that Amazon assumes the consumer is looking for Lush products, or, at least, intended to search for Lush products and thereafter, without a further indication that such products are not available, offers competing products to the consumer. In these circumstances I do not consider the average consumer would ascertain without difficulty that the products he is shown are not the Lush products of the Claimants. Indeed, in my judgment it illustrates that Amazon is using the Lush trade mark as a generic indicator of a class of goods, conduct which attacks head on the ability of the mark to act as a guarantee of origin in the Claimants and nobody else.
69. I have concluded that this use by Amazon damages the origin function of the Lush trade mark. In my judgment this use also damages both the advertising function and the investment function of the Lush trade mark. In relation to the former, the Claimants use the Lush trade mark to indicate to consumers that goods bearing the mark are their goods. The evidence establishes that they rely on the reputation of the mark to attract custom. That quality of attracting custom, in my judgment, is bound to be damaged by the use by Amazon of the Lush mark to attract the attention of consumers to and attempt to sell to them the goods of third parties whilst at the same time making no effort at all to inform the consumer that the goods being offered are not in fact the goods of Lush.
70. In relation to the investment function, Lush is a successful business which has built up an image of ethical trading. This is an image which it says it wishes to

preserve and it has taken the decision not to allow its goods to be sold on Amazon because of the damage that it perceives there would be to that reputation. Moreover, Mr Shipley, a senior manager of the First Defendant, accepted that some consumers would regard Amazon's attitude to, for example, UK taxation as repugnant and he also accepted that a brand owner was entitled to his own view as to whether his brand should be associated with companies which are believed by some members of the public to act in ways which they find unattractive. Mr Carr objected to reliance on the answers of Mr Shipley based on the fact that he was not part of the business team at Amazon and there was no evidence whatsoever from Lush on this point. It seems to me, however, that Mr Shipley was doing no more than giving common sense answers to not particularly difficult questions.

71. In my judgment there is no material which is sufficient to question the wisdom of Lush's decision not to permit its goods to be sold on the amazon.co.uk website, particularly bearing in mind they are rejecting an opportunity which Amazon would contend would lead to an increase in the sales of its goods. Although it is the case that Lush goods were sold in the US and France on the respective local Amazon sites, I do not think that sufficiently undermines Lush's contentions with respect to the UK market. Neither do I consider it relevant that Lush itself has done some pretty bizarre things, such as applying to register as a trade mark the name of Amazon's managing director. I accept the argument that this use by Amazon damages the investment function of the Lush trade mark.
72. The next use complained of is the repeat of the word Lush just below the search box and above the Related Searches line. Mr Carr submitted that the average consumer would appreciate that this use of Lush was no more than a repeat of what the consumer had typed in to the search box. He also submitted that this was not use by Amazon using its commercial hat but use using its search engine hat and therefore was not use in relation to the relevant goods. I accept the former submission, but not the latter for the same reasons as expressed earlier in relation to the same point.
73. There are two aspects of this use which are, in my judgment, important. First there is no notice to the effect that the search returned no results for Lush, the Claimants, (although Lush Hair Extensions does appear on page 3 or 4). Secondly, the Related Searches line refers to lush bath bombs, lush cosmetics and

lush products. I consider that the average consumer would think that these Related Search items were being presented by Amazon in order to be helpful and that if the consumer clicked on one of them he would indeed find either Lush Bath Bombs or Lush Cosmetics or Lush Products.

74. Mr Carr's response to this is that the consumer would quickly appreciate that, despite the indication that he was going to get what he wanted (by the presentation of the search term 'lush bath bombs' in the Related Search line for example), he was in fact being offered competing products. Thus he is relying on the wit of the consumer to get himself out of the trap that has been set. He also relies on the other submissions I have referred to including the submission that the consumers ought to be allowed fair access to technological development. Mr Bloch's position is that this is a classic case of trade mark infringement. He submits that not only do we have the double identity paradigm, but it was unrealistic and unfair to conclude that the average consumer would appreciate without difficulty that he was being offered goods which were different from what he was looking for and, in the case of related searches, thought he had been directed to and found.
75. In my judgment in relation to the facts of this case, and following the guidance given in *Google France*, I think Mr Bloch is right in his submission. The use complained of by Lush clearly damages the origin function and the advertisement and investment function of the Lush trade mark for the same reasons as given earlier.
76. There remains the question of whether the use of Lush in the related searches line is a use of the trade mark in relation to the relevant goods. Again, and for the same reasons as with the other uses, I think there is such use. It is a commercial communication by Amazon to aid the sales by Amazon of non-Lush cosmetics.
77. Finally there is the use of Lush under the heading 'Brands' in the left hand side of the page. Clicking on the item reveals Lush Hair Extensions and other Lush branded products, all being properly (so far as this case is concerned) so branded and none of them having anything to do with the Claimants. Any claim in relation to this use fails.
78. I have reached the above conclusions without referring to the evidence of confusion to which Lush drew attention. This evidence was of communications

from customers and plainly there has been some actual confusion. However, it is very difficult to evaluate this evidence since I know nothing about the particular consumers concerned or their circumstances. Nor do I think I am in any real position to determine how common are these instances of confusion. The examples I have seen support and are consistent with the conclusions I have reached, but I have not relied upon them in coming to these conclusions.

79. I now turn to the issue of joint tortfeasance, all my previous remarks referring to Amazon without distinguishing between the separate activities of the two Defendants. This is a factual matter of importance to the Defendants, although it was not explained why since it was accepted that any order of the court, including any injunction, would be satisfied jointly by the two Defendants.
80. The pleaded case is that each of the Defendants has acted in concert with the other in furtherance of a common design and has infringed trade mark. There is no dispute between the parties as to the relevant law, as usual the dispute is in relation to whether, on the facts, the allegation is made out.
81. The principal modern authorities were cited by Arnold J in *L'Oreal v eBay International* [2009] RPC 21 at [346] to 352 and there is nothing to be gained from a repeat. The underlying concept is that each alleged joint tortfeasor has been so involved in the commission of the tort as to make himself liable for it. If there is a common design or concerted action or otherwise a combination to secure the doing of infringing acts, or if there is an action in concert pursuant to a common design, then each of the combiners will be liable. On the facts of that case, Arnold J held that joint tortfeasance was not made out.
82. The facts here are that the second Defendant, a Luxembourg company, operates the website at amazon.co.uk whereas the first Defendant, a UK company, operates fulfilment centres in various parts of the UK, through which goods sold by the website are dispatched to customers, and provides logistic services to the second Defendant. The first Defendant also leases offices in Berkshire and provides marketing, legal, accounting and other services which support the operation of the second Defendant's web business.
83. I heard evidence from a number of witnesses who described various parts of Amazon's business. Dr Fliedner, an employee of Amazon.de GmbH, an affiliate

of the Defendants, described how he was responsible for a team of software developers working on the Amazon product search engine and that, although his focus was on the www.amazon.de website, since there was significant functionality cross over between the second Defendant's websites, much of his work relates to the operation of the amazon.co.uk site. His evidence, elicited in cross examination was entirely consistent with, if not positively supportive of, the conclusion that the first Defendant is intimately involved with the Second Defendant's website. Mr Shipley, a senior manager and employee of the first Defendant said he and his team provided a number of services which supported the operation of the second Defendant's web business. In particular he said he carries out a number of tasks although his principal role focused on supporting the operation of free and paid search marketing for the amazon.co.uk website. It is plain that the first Defendant is intimately involved with optimizing the website so that it appears organically in response to search items and also with the adwords aspect of the second Defendant's business in the UK.

84. Mr Stokes, legal counsel for the first Defendant, gave evidence about the marketing, legal accounting and other services which he said supported the operation of the second Defendant's web businesses. Furthermore documents disclosed show contractual arrangements between the Defendants whereby the first Defendant provides pre-sale marketing services as well as post-sale services. Other documents, for example from the legal department, show that the first Defendant holds itself out as responsible for the operation of the amazon.co.uk site. In addition there is the pleaded admission that the first Defendant carries out fulfillment services for the second Defendant, that is to say, is responsible for getting the goods to the customer and dealing with customer service and returns handling.

85. Having heard the evidence I have no doubt that the first and second Defendants have joined together and agreed to work together in the furtherance of a common plan which includes doing the acts which are complained of by the Claimants in these proceedings. I regard the protestations that the first Defendant is not involved at all or is merely facilitating the doing of the infringing acts as distinct from sufficiently participating in them as being wholly unreal and divorced from

the commercial reality of the situation. In my judgment the allegation of joint tortfeasance succeeds.