



Neutral Citation Number: [2023] EWHC 2005 (IPEC)

Case No: IP-2022-000036

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY ENTERPRISE COURT**

Rolls Building  
Fetter Lane  
London, EC4A 1NL

7 August 2023

**Before :**

**HIS HONOUR JUDGE HACON**

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**Between :**

**(1) ACEDES HOLDINGS, LLC**  
**(2) AC CARS (ENGLAND) LIMITED**

**Claimants**

**- and -**

**(1) CLIVE SUTTON LIMITED**  
**(2) CLIVE JEREMY SUTTON**

**Defendants**

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**Guy Hollingworth** (instructed by **Mishcon de Reya LLP**) for the **Claimants**  
**Michael Hicks and Antony Craggs** (solicitor advocate) (instructed by **Lewis Silkin LLP**) for  
the **Defendants**

Hearing date: 4 July 2023  
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**Approved Judgment**

*This judgment was handed down remotely at 10.30 on 7 August 2023 by circulation to the parties or their representatives by email and released to the National Archives.*

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**HIS HONOUR JUDGE HACON**

## **Judge Hacon:**

### **Introduction**

1. This is an action about the right to use the sign “Cobra” for cars. In 1962, at the instigation of the American racing driver Carroll Shelby and his team in Los Angeles, an engine provided by The Ford Motor Company (“Ford”) was installed in the modified chassis of a car produced by a firm called AC Cars at its factory in Thames Ditton, Surrey. The resulting sports car, or roadster, was run at Silverstone in January 1962 and then shipped without an engine to Los Angeles. Subsequently, cars with the AC Cars chassis and a Ford engine went into production under the name “Cobra”, chosen by Mr Shelby.
2. For the most part the cars were made to the order of Mr Shelby’s company, Shelby American, Inc, with the car bodies being shipped from Thames Ditton to California where they were fitted with Ford engines and sold by Shelby American as “Shelby Cobras”. Some, though, were fitted with engines in England and were sold in this country and elsewhere in Europe as “AC Cobras”.
3. In 1996 the first claimant (“Acedes”) acquired some of the assets of AC Cars’ business, including intellectual property rights and goodwill relating to “AC Cobra”. Since 2016 the second claimant (“AC Cars”) has made cars in the UK and sold them under the name “AC Cobra”. Acedes has registered UK trade mark no. 905883806 in the form of the words AC COBRA (“the AC Cobra Mark”).
4. The first defendant (“CSL”) markets cars in the UK. The second defendant (“Mr Sutton”) is CSL’s sole director and shareholder. Since 2021 CSL has imported and sold cars made by an American company, Superformance LLC (“Superformance”). They are replicas of the Shelby Cobra cars of the 1960s and have been sold under the sign “Shelby Cobra”.
5. The claimants complained to CSL and on 13 May 2022 issued the claim form in these proceedings, alleging infringement of the AC Cobra Mark. The defendants denied infringement and counterclaimed for a declaration that the AC Cobra Mark was invalidly registered and an order for revocation of the AC Cobra Mark for non-use.
6. On 6 June 2023 the claimants served a notice of discontinuance of their infringement claim, so the present trial was concerned only with the issues arising from the counterclaim.

### **The broad issues**

7. The broad issues are these:
  - (1) Whether AC Cobra Mark was invalidly registered pursuant to s.5(2) and/or (3) of the Trade Marks Act 1994 (“the 1994 Act”) having regard to two earlier registered trade marks owned by Ford.
  - (2) Whether the registration of the AC Cobra Mark stands to be revoked for non-use pursuant to s.46(1) of the 1994 Act.

### The witness

8. Given the abandonment of their allegation of infringement, the claimants took the view that little of the evidence filed was of relevance. They elected not to cross-examine the defendants' witnesses.
9. The claimants' witness was cross-examined: Alan Lubinsky, who is the beneficial shareholder and the Managing Director of Acedes and the controlling shareholder of AC Cars. Mr Lubinsky was a good witness, giving clear and direct answers.

### The law on trade mark validity

10. Section 47(2)(a) of the Trade Marks Act 1994 ("the 1994 Act") provides that the registration of a trade mark may be declared invalid if there is an earlier trade mark within the meaning of s.6 of the 1994 Act in relation to which the conditions set in any of s.5(1), (2) or (3) of the 1994 Act obtain.
11. Ford is the proprietor of two trade marks which qualify as earlier trade marks. They are:
  - (1) Trade mark no. 893168 ("the first Ford Cobra Mark") in the form of the word COBRA in respect of "Motor Land Vehicles", filed on 14 April 1966.
  - (2) Trade mark no. 902055416 ("the second Ford Cobra Mark"), also in the form of the word COBRA in respect of goods which include "Motor Land Vehicles", filed on 25 January 2001. It was filed as an EU trade mark and is now a UK comparable mark.
12. By the time of the trial the defendants alleged that the conditions of s.5(2) and (3) obtain. Those subsections (and s.5(3A)) provide, so far as is relevant:

“(2) *A trade mark shall not be registered if because—*

*(a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or*

*(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,*

*there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.*

(3) *A trade mark which—*

*(a) is identical with or similar to an earlier trade mark, and*

*(b) ....*

*shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom ... and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.*

*(3A) Subsection (3) applies irrespective of whether the goods and services for which the trade mark is to be registered are identical with, similar to or not similar to those for which the earlier trade mark is protected.”*

13. There are restrictions on the right to apply for a declaration of invalidity under s.47. First, the Trade Mark (Relative Grounds) Order 2007 (SI 2007/1976) (“the 2007 Order”) limits the right to apply for a declaration of invalidity of a later trade mark to the proprietor of the earlier trade mark and licensees under that mark. Secondly, s.47(2A) imposes requirements regarding the use of the earlier trade mark which must be satisfied before there may a declaration. Thirdly, there will be no declaration if the proprietor of the earlier trade mark has acquiesced in the use of the later trade mark.

### **The issues arising from the application for a declaration of invalidity**

14. The issues to be resolved in respect of the defendants’ application for a declaration of invalidity of the AC Cobra Mark are:
- (1) Whether CSL is a licensee under either of the Ford Cobra Marks.
  - (2) If so, whether the use conditions of s.47(2B) of the 1994 Act have been satisfied in respect of either or both the Ford Cobra Marks.
  - (3) If so, whether section 5(2) and/or 5(3) obtain.
  - (4) If so, whether Ford acquiesced in the use of the AC Cobra Mark within the meaning of s.48(1) of the 1994 Act.

### **Whether CSL is a licensee under the Ford Cobra Marks**

#### *The 2007 Order*

15. The 2007 Order provides in relevant part:

“2. *The registrar shall not refuse to register a trade mark on a ground mentioned in section 5 of the Trade Marks Act 1994 (relative grounds for refusal) unless objection on that ground is raised in opposition proceedings by the proprietor of the earlier trade mark or other earlier right.*

...

5. (1) *Only the persons specified in paragraph (2) may make an application for a declaration of invalidity on the grounds in section 47(2) of the Trade Marks Act 1994 (relative grounds).*

(2) *Those persons are—*

*(a) in the case of an application on the ground in section 47(2)(a) of that Act, the proprietor or a licensee of the earlier trade mark or, in the case of an earlier collective mark or certification mark, the proprietor or an authorised user of such collective mark or certification mark; and*

*(b) in the case of an application on the ground in section 47(2)(b) of that Act, the proprietor of the earlier right.*

*(3) So much of section 47(3) of that Act as provides that any person may make an application for a declaration of invalidity shall have effect subject to this article.”*

16. Arts. 2 and 5 of the 2007 Order taken together are not as clear as they might be regarding proprietor and/or licensee, but leaving aside collective and certification marks I take them to mean that where the party seeking a declaration of invalidity of a later trade mark pursuant to s.47(2)(a) relies on the registration of an earlier trade mark, that party must be either the proprietor or a licensee of the earlier trade mark. That was the interpretation adopted by the parties at trial.

#### *Statutory requirements of a trade mark licence*

17. The requirements of a trade mark licence are set out in s.28 of the 1994 Act, which provides so far as is relevant:

**“28. Licensing of registered trade mark.**

...  
(2) *A licence is not effective unless it is in writing signed by or on behalf of the grantor. Except in Scotland, this requirement may be satisfied in a case where the grantor is a body corporate by the affixing of its seal.*

...  
(4) *Where the licence so provides, a sub-licence may be granted by the licensee; and references in this Act to a licence or licensee include a sub-licence or sub-licensee.*

...”

#### *Construction of a written licence*

18. Aside from complying with s.28, any written agreement relied on by the defendants has to give effect to the licence claimed. Where a written agreement is to be construed according to English law, the usual rules apply. They were recently summarised by Judge Pelling QC in *Lamesa Investments Limited v Cynergy Bank Limited* [2019] EWHC 1877 (Comm) at [12], a summary approved on appeal ([2020] EWCA Civ 821, at [18]):

“i) The court construes the relevant words of a contract in their documentary, factual and commercial context, assessed in the light of (i) the natural and ordinary meaning of the provision being construed, (ii) any other relevant provisions of the contract being construed, (iii) the overall purpose of the provision being construed and the contract or order in which it is contained,

(iv) the facts and circumstances known or assumed by the parties at the time that the document was executed, and (v) commercial common sense, but (vi) disregarding subjective evidence of any party's intentions – see *Arnold v. Britton* [2015] UKSC 36 [2015] AC 1619 per Lord Neuberger PSC at paragraph 15 and the earlier cases he refers to in that paragraph;

ii) A court can only consider facts or circumstances known or reasonably available to both parties that existed at the time that the contract or order was made - see *Arnold v. Britton* (ibid.) per Lord Neuberger PSC at paragraph 20;

iii) In arriving at the true meaning and effect of a contract or order, the departure point in most cases will be the language used by the parties because (a) the parties have control over the language they use in a contract or consent order and (b) the parties must have been specifically focussing on the issue covered by the disputed clause or clauses when agreeing the wording of that provision – see *Arnold v. Britton* (ibid.) per Lord Neuberger PSC at paragraph 17;

v) Where the parties have used unambiguous language, the court must apply it – see *Rainy Sky SA v. Kookmin Bank* [2011] UKSC 50 [2011] 1 WLR 2900 per Lord Clarke JSC at paragraph 23;

v) Where the language used by the parties is unclear the court can properly depart from its natural meaning where the context suggests that an alternative meaning more accurately reflects what a reasonable person with the parties' actual and presumed knowledge would conclude the parties had meant by the language they used but that does not justify the court searching for drafting infelicities in order to facilitate a departure from the natural meaning of the language used – see *Arnold v. Britton* (ibid.) per Lord Neuberger PSC at paragraph 18;

vi) If there are two possible constructions, the court is entitled to prefer the construction which is consistent with business common sense and to reject the other – see *Rainy Sky SA v. Kookmin Bank* (ibid.) per Lord Clarke JSC at paragraph 2 - but commercial common sense is relevant only to the extent of how matters would have been perceived by reasonable people in the position of the parties, as at the date that the contract was made – see *Arnold v. Britton* (ibid.) per Lord Neuberger PSC at paragraph 19;

vii) In striking a balance between the indications given by the language and those arising contextually, the court must consider the quality of drafting of the clause and the agreement in which it appears – see *Wood v. Capita Insurance Services Limited* [2017] UKSC 24 per Lord Hodge JSC at paragraph 11. Sophisticated, complex agreements drafted by skilled professionals are likely to be interpreted principally by textual analysis unless a provision lacks clarity or is apparently illogical or incoherent– see *Wood v. Capita Insurance Services Limited* (ibid.) per Lord Hodge JSC at paragraph 13; and

viii) A court should not reject the natural meaning of a provision as correct simply because it appears to be a very imprudent term for one of the parties to have agreed, even ignoring the benefit of wisdom of hindsight, because it is not the function of a court when interpreting an agreement to relieve a party from a bad bargain - see *Arnold v. Britton* (ibid.) per Lord Neuberger PSC at paragraph 20 and *Wood v. Capita Insurance Services Limited* (ibid.) per Lord Hodge JSC at paragraph 11."

## Discussion

19. The defendants relied on a chain of three licences culminating in a licence dated 27 June 2022 from Carroll Shelby Licensing, Inc to CSL. At the trial attention was focussed almost entirely on the first in the chain, an agreement dated 22 January 1997 between Ford and Mr Shelby doing business as Shelby American Management Company (“the 1997 Agreement”).
20. These are the relevant terms of the 1997 Agreement:

“TRADEMARK LICENSE AGREEMENT

This Trademark License Agreement (“License”) is entered on January 22, 1997 (“Effective Date”), by and between Carroll Shelby d/b/a Shelby American Management Company, an individual residing in Los Angeles, California (hereinafter Shelby), and Ford Motor Company, a Delaware corporation, having a principal place of business in Dearborn, Michigan (hereinafter Ford).

WHEREAS, Ford owns COBRA and various Snake Design trademarks, and U.S. and California trademark registrations, applications to register said marks, as identified in Ex. A hereto, for use in connection with automobiles, automobile engines, parts, accessories, clothing and other products;

...

WHEREAS, Ford and Shelby have entered into a certain Settlement Agreement dated January 22, 1997, under which Shelby was granted a limited right to use the trademarks SHELBY COBRA, or SHELBY COBRA and Snake Design, in accordance with the terms of this License;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows: follows:

1. Grant of License. Ford hereby grants to Shelby and his heirs an exclusive worldwide royalty-free license to use Ford's federally registered marks COBRA and Snake Design (the “Licensed Trademarks”) as part of the trademarks SHELBY COBRA and/or SHELBY COBRA and Snake Design for use strictly in connection with replicas of the 1960s' 427 SHELBY COBRA Roadster, 427 SHELBY COBRA Roadster SC (1965), COBRA Daytona Coupe and COBRA 289. The sole exception to Shelby's exclusive license to use the Licensed Trademarks in connection with the identified replicas shall be Ford's existing non-exclusive license in the United Kingdom. Ford further grants to Shelby and his heirs a royalty-free, non-exclusive license to use Ford's Snake Design trademark in conjunction with Shelby's SHELBY trademark in connection with clothing and related accessory items, made by or for Shelby, in the United States and throughout the world. Ford does not warrant that it has rights to the Licensed Trademarks in any jurisdiction.

...

3. Quality Control. Shelby shall maintain at least the same standard of quality of the replicas of the 427 SHELBY COBRA Roadster, 427 SHELBY COBRA Roadster SC (1965), COBRA Daytona Coupe and COBRA 289, and

of the clothing and related accessory items identified in Paragraph 1 above, as it has been selling or marketing for the past ten (10) years preceding the Effective Date. Shelby shall make no material changes to the nature and quality of such replica cars, without Ford's prior written approval.

...

5. Termination. Ford may, on 60 days' written notice, terminate the license granted under Paragraph 1, if Shelby, or his successors-in-interest:

...

b. assign, transfer or license their rights under this License to any third party to any third party in violation of Paragraph 8; or

...

8. Assignment. Neither Shelby nor his heirs may assign, license, or transfer this License, without Ford's prior written approval.

...

9. Governing Law. This License shall be governed by and construed in accordance with the laws of the State of Michigan, and the venue and jurisdiction with regard to any disputes arising hereunder shall be the Eastern District of Michigan.”

21. By way of an initial comment, clause 9 states that the 1997 Agreement is to be construed in accordance with Michigan law. Sensibly, the parties made no attempt to provide expert evidence of Michigan law, which in all probability would have made no difference, so construction was argued according to the principles of English law, see *FS Cairo (Nile Plaza) LLC v Brownlie* [2021] UKSC 45 at [112]-[116].
22. In the United States it is possible to apply for a federal trade mark for the whole country or alternatively a state mark which affords protection just in the relevant state. This is reflected in the reference to “U.S. and California trademark registrations” in the first recital. Clause 1, the grant clause, only grants a licence under federal marks owned by Ford. On its face, no licence is granted under California marks or, more significantly, any trade marks registered outside the United States. The first recital does not mention trade marks granted outside the US. Exhibit A, referred to in that recital, was not among the documents made available to the court.
23. The defendants’ answer was to rely on the express exception in clause 1. The exclusivity of Mr Shelby's license under the 1997 Agreement is subject to “Ford's existing non-exclusive license in the United Kingdom”. The defendants submitted that sense could only be made of the exception if the grant of the “license to use Ford's federally registered marks” was loose language to be treated as a licence under marks, including COBRA, registered worldwide, which would encompass the UK registered marks. This was supported by clause 1 expressly stating that the licence was “worldwide”.



24. My attention was drawn to an existing non-exclusive licence in the United Kingdom, referred to as “the 1996 Licence”. At the start of the trial it appeared to be common ground that the 1996 Licence was “Ford’s existing non-exclusive license in the United Kingdom” referred to in the 1997 Agreement. The 1996 Licence is an agreement between Ford and AC Car Group Limited of Weybridge, Surrey, the latter defined as “the Licensee”. It was signed on 29 January 1997 and probably 17 February 1997 (the writing is not clear), though clause 4 states that it was effective as of 6 December 1996. It is a non-exclusive licence to AC Car Group Limited under Ford’s COBRA registrations to use the name “Cobra” in relation to AC Mk IV sports cars. The licence is stated in clause 3 to be:

“... limited to vehicles manufactured by the Licensee in the U.K. but is without limit as to sales and marketing territory, save that the Licensee shall not export to North America any vehicle marked with the COBRA trademark that is not covered by product liability insurance in accordance with Section 12 of this Agreement.”

25. Section 12 of the 1996 Licence requires the Licensee to carry product liability insurance acceptable to Ford and to satisfy specified product liability provisions.

26. Thus, assuming that it was the 1996 Licence which was the cause of carve-out from the exclusive worldwide licence granted by Ford to Mr Shelby under the 1997 Agreement, that carve-out was to accommodate AC Car Group Limited’s right to make cars in the UK *and* sell them in the US under the sign Cobra. This is consistent with the 1997 Agreement being an exclusive licence under US federal marks only, as it says, the exclusivity being however subject to the terms of the 1996 Licence.

27. The grant in the 1997 Agreement of an exclusive “worldwide” licence under federal marks makes no sense, but I think that loose language was more likely to be in the use of “worldwide” than “federal”.

28. However, in closing the defendants contended that the foregoing was cast into doubt for two reasons. The first was that the 1997 Agreement was signed on 16 and 22 January 1997, before the 1996 Licence was signed. That is true, but the fact that the parties expressly made the 1996 Licence effective as of 6 December 1996 suggests that by the time that Ford concluded the 1997 Agreement, Ford knew had and possibly agreed that the 1996 Licence would later be granted. If that is right, Ford would also have known of the intended retrospective date from which the 1996 Licence would be effective and it fell to be treated as an “existing” licence.

29. The defendants’ second reason was what Mr Lubinsky said in cross-examination. He was discussing the 1996 Licence:

“A. If I give you a bit of background to this agreement: we bought AC, the assets of AC Cars in 1996 from the receivers. There was an existing agreement with Ford at the time which terminated with the old company. As part of the purchase of the assets of AC Cars in 1996, Ford agreed to give us agreement, which was this document, however it was much more onerous terms because of the history with the previous company. So, when we started working with this, it was clear it was not

beneficial to us to continue with that, and hence why it was terminated, I think in 2001, possibly somewhere and there.”

30. I fail to see why this makes any difference. It seems that when Acedes bought the assets of AC Cars in 1996, Ford agreed to enter into the 1996 Licence. As I have said, the most likely state of affairs was that Ford had in mind the 1996 Licence when it entered into the 1997 Agreement with Mr Shelby. But even if Ford had in mind some earlier licence, Mr Lubinsky’s evidence indicated that its scope was broader, so in all probability it included a non-exclusive licence in the United Kingdom.
31. I find that on a correct construction, the 1997 Agreement was a licence under US federal trade marks only, not any other trade marks.
32. Carroll Shelby Licensing, Inc sought to set right the position by an agreement with Ford dated 14 December 2022. It takes the form of a letter of that date from Shelby to Ford which refers to the 1997 Agreement, which it calls alternatively “the Trademark Agreement” and “the Trademark License Agreement”, and includes the following paragraphs:
  - “2. The use of the term ‘Ford’s federal registered marks’ referred not to any limitation on the use by Shelby of such licensed trademarks, but rather was intended to make reference to the trademarks that in fact Ford Motor Company had ‘federally registered’ in the United States, and worldwide.
  3. Any suggestion or argument that Shelby or its licensees have not been authorized to utilize such licensed trademarks (pursuant to the Trademark Agreement) in any parts of the world is contrary to the original intent of the Trademark License Agreement, as exemplified by the continued use and practice since 1997 of Carroll Shelby, the Carroll Hall Shelby Trust, Carroll Shelby Licensing, Inc. and Ford Motor Company.”
33. The letter is marked “Agreed and Accepted, Ford Motor Company” at the bottom and was signed by Ford’s Chief Trade Mark Counsel.
34. The defendants argued that the letter of 14 December 2022 retrospectively amended the 1997 Agreement which now included that grant of a licence under Ford’s UK COBRA trade marks. I will assume that it does. Nonetheless, at the date of the defendants’ counterclaim for a declaration that the AC Cobra Mark is invalid, 28 June 2022, CSL was not a licensee under Ford’s UK Cobra marks.
35. In my view, CSL’s lack of *locus standi* to apply for the declaration when it did cannot be cured by acquiring *locus standi* later. A fresh claim for a declaration of invalidity would have to be made.
36. By way of an alternative argument, it was suggested by the defendants that this gap in the chain was cured by evidence of Ford’s being content with the chain of licences down to Mr Sutton. This, it was said, created an agreement by conduct between Ford and the various parties in the chain, including Carroll Shelby Licensing, Inc and CSL. I will assume, certainly without finding, that there is a potential claim by CSL against Ford,

whether in contract, estoppel or by another route. Even if that were the case, it does not create a licence where none otherwise existed.

37. There are two further points to be made about the 1997 Agreement. The first is that the second Ford Cobra Mark cannot have been licensed under the 1997 Agreement because there had been no application for that mark on 22 January 1997. On any view, the defendants' claimed licence chain for that mark fails at this first link.
38. The second point is that clause 8 of the 1997 Agreement forbids the grant of sub-licences by Mr Shelby or his heirs without the prior written approval of Ford. There was no evidence of such prior written approval.
39. The defendants argued that clause 8 had to be read with clause 5(b) and that taken together, the effect of clause 8 was to make Mr Shelby's entering into a sub-licence without Ford's approval a potential breach of the 1997 Agreement, subject to the violation being cured within 60 days of written notice from Ford.
40. I disagree. On a natural reading of clause 8, Shelby did not have the right to grant a sub-licence without Ford's approval, so any such purported sub-licence was of no effect. Given the prohibition under clause 8, it is difficult to see how the circumstances of clause 5(b) could ever arise. On the other hand, if they could arise, it is not easy to see how an assignment, transfer or sub-licence could be cured within 60 days of Ford's written notice without the (unlikely) co-operation of the assignee, transferee or sub- licensee. I do not believe that the two can be interpreted to mean that Shelby had the power to assign, transfer or license their rights provided that within 60 days of a complaint from Ford, Shelby did its best to retract the assignment, transfer or licence. The words of clause 8 should be given their natural meaning.
41. Moreover, s.28 of the 1994 Act is engaged. A sub-licence granted by Mr Shelby under the First Ford Cobra Mark, a UK trade mark, could only be effective if the head licence, the 1997 Agreement, so provided. Absent the prior written approval of Ford, it does not.
42. The chain of licences for both Ford Cobra Marks therefore fails at the second link.
43. In short, CSL has never been a licensee under either of the Ford Cobra Marks. Neither defendant is entitled to make an application for a declaration of invalidity of the AC Cobra Mark due to the restriction imposed by the 2007 Order. The application fails on that ground alone.

### **Whether the use provisions of s.47 were satisfied**

*The law – section 47*

44. Section 47 of the 1994 Act, so far as is relevant to the present facts, provides:

...

*(2A) The registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless–*

(a) *the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,*

(b) *the registration procedure for the earlier trade mark was not completed before that date, or*

(c) *the use conditions are met.*

(2B) *The use conditions are met if—*

(a) *the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with their consent in relation to the goods or services for which it is registered—*

(i) *within the period of 5 years ending with the date of application for the declaration, and*

(ii) *within the period of 5 years ending with the date of filing of the application for registration of the later trade mark or (where applicable) the date of the priority claimed in respect of that application where, at that date, the five year period within which the earlier trade mark should have been put to genuine use as provided in section 46(1)(a) has expired, or*

(b) *it has not been so used, but there are proper reasons for non-use.*

...

(2G) *An application for a declaration of invalidity on the basis of an earlier trade mark must be refused if it would have been refused, for any of the reasons set out in subsection (2H), had the application for the declaration been made on the date of filing of the application for registration of the later trade mark or (where applicable) the date of the priority claimed in respect of that application.*

(2H) *The reasons referred to in subsection (2G) are—*

...

(b) *that the application for a declaration of invalidity is based on section 5(2) and the earlier trade mark had not yet become sufficiently distinctive to support a finding of likelihood of confusion within the meaning of section 5(2);*

(c) *that the application for a declaration of invalidity is based on section 5(3)(a) and the earlier trade mark had not yet acquired a reputation within the meaning of section 5(3).*

(3) *An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that—*

(a) *if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and*

(b) *if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.*

...

(6) *Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.*

*Provided that this shall not affect transactions past and closed.”*

45. Subsections 47(2A) and (2B) are the most directly relevant. Each deals with an application to revoke a later trade mark in reliance on the registration of an earlier trade mark. I will try to unpack them.
46. The effect of s.47(2A) is that before the later trade mark may be declared invalid under subsection (2), one of three alternative conditions must be met. They are that either (a) the earlier trade mark was registered no more than 5 years before the application to revoke the later trade mark, or (b) at the date of that application the earlier trade mark was not yet registered, or (c) certain use conditions are met.
47. Section 47(2B) defines those use conditions. Either of two alternatives will satisfy them. The first is that the earlier mark has been put to genuine use by the proprietor or with their consent, in relation to the goods or services for which it is registered, over two different periods of 5 years.
48. The general rule under this first alternative is that there must have been genuine use of the earlier mark (i) during the 5 years ending with the date of the application to revoke the later mark *and* (ii) the 5 years ending with the date of filing of the application for the later mark – or, where applicable, the 5 years ending with the date of priority claimed for the later mark.
49. There is an exception that arises where, at the relevant date under (ii) above (the date of filing the application for the later mark or its the priority date), the 5 year period within which the earlier trade mark should have been put to genuine use – as required by s.46(1)(a) of the 1994 Act – had not expired. In that event, the second five year period is disregarded and genuine use need only be established for the first.
50. The second alternative means of satisfying the use conditions of s.47(2B) is that there were proper reasons for non-use of the earlier mark. This second alternative does not arise on the facts of the present case. Argument was concerned with whether there was genuine use of either or both of the Ford Cobra Marks which satisfied the first alternative.

*Genuine use under s.47(2B)*

51. It was agreed that “genuine use” under the use conditions of s.47(2B) has the same meaning as is given to those words in s.46 of the 1994 Act – revocation of a trade mark

for non-use. The nature of genuine use was discussed by Arnold J in *Walton International Limited v Verweij Fashion BV* [2018] EWHC 1608 at [114] to [118]:

“[114] *The law with respect to genuine use.* The CJEU has considered what amounts to "genuine use" of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bundesvereinigung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 P *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

[115] The principles established by these cases may be summarised as follows:

- (1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].
- (2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* at [29].
- (3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]-[51].
- (4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a

non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71]; *Reber* at [29].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Leno* at [29]-[30], [56]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].

[116] Counsel for the Claimants suggested that there was a difference between the assessment of what amounted to genuine use of a trade mark, and in particular the quantitative extent of the use required, depending on whether the trade mark was a national trade mark or an EU trade mark. As counsel for the Defendant pointed out, however, the Court of Justice has expressly held that the same principles are applicable to the interpretation of the relevant provisions of both the Directive and the Regulation: see *Leno* at [31].

[117] Although both counsel made submissions based on the facts of some of these cases, and in particular the quantities of goods involved, the Court of Justice has made it clear that this is not a helpful exercise. As the Court stated in *Sunrider* at [77], 'courts ruling in two different cases may assess differently the genuine nature of the use alleged before them, even when instances of that

use have generated comparable sales volumes.’ The Court has repeatedly made it clear that the assessment is a multi-factorial one, in which the quantity of the goods sold is only one factor. Thus, as has often been pointed out, it depends on (among other things) the nature of the goods: sale of a small quantity of goods is more likely to qualify as genuine use where the goods are passenger airliners than where the goods are potatoes.

[118] *The law with respect to genuine use in the Union* . Whereas a national mark needs only to have been used in the Member State in question, in the case of a EU trade mark there must be genuine use of the mark ‘in the Union’. In this regard, the Court of Justice has laid down additional principles to those summarised above which I would summarise as follows:

(9) The territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to genuine use in the Union: *Leno* at [44], [57].

(10) While it is reasonable to expect that a EU trade mark should be used in a larger area than a national trade mark, it is not necessary that the mark should be used in an extensive geographical area for the use to be deemed genuine, since this depends on the characteristics of the goods or services and the market for them: *Leno* at [50], [54]-[55].

(11) It cannot be ruled out that, in certain circumstances, the market for the goods or services in question is in fact restricted to the territory of a single Member State, and in such a case use of the EU trade mark in that territory might satisfy the conditions for genuine use of a EU trade mark: *Leno* at [50].”

### *Discussion*

52. It was common ground that the two periods relevant for use of the Ford Cobra Marks were, chronologically, from 1 November 2001 to 31 October 2006 (which I will call “Period 1”) and from 29 June 2017 to 28 June 2022 (“Period 2”).
53. As I have indicated, an exception arises where, at the date of filing of the later mark or, where applicable at the priority date of the later mark, the 5 years period within which the earlier trade mark should have been put to genuine use, in which case Period 1 is to be disregarded and genuine use need only be established for Period 2. It was agreed that the exception arises in respect of the second Ford Cobra Mark, so genuine use of that mark had to be established only over Period 2.
54. It was also agreed that because the second Ford Cobra Mark started life as an EU trade mark, use throughout the EU between 29 June 2017 and 31 December 2020 (IP Completion Day) (“the EU Period”) is to be taken into account. Thereafter, from 1 January 2021 to 28 June 2022, only use in the UK counts for that Mark.
55. With regard to Period 1, the defendants relied on the 1996 Licence, referred to above, in force as of 6 December 1996, by which Ford licensed A.C. Car Group Limited to sell cars under the AC Cobra sign. Mr Lubinsky said that 37 of the AC Cobra Mark IV CRS models were built and sold under that licence. They were launched in 1999 and



sold over the next three or four years, so until 2002 or 2003. There were therefore sales of cars under the Cobra sign with the consent of Ford after 1 November 2001 and within Period 1. I am satisfied that such sales constituted real commercial exploitation of the Ford Cobra Marks, sales which were qualitatively sufficient, particularly having regard to the nature of the products, namely expensive motor cars.

56. The defendants also relied on advertising in the UK of chassis for the Shelby AC 289 Cobra and Shelby AC 427 Cobra cars in the relevant period. However, Mr Lubinsky said that these cars were intended solely for export to the US, so it is unlikely that Ford consented to their being advertised in the UK. Either way, advertising in the UK was apparently not done to create a share in the UK market because AC Cars was serving only the US market. There was also evidence of one page from a website to evidence sales by a company called Le Mans Coupes Ltd. It was not made clear that this website was online before 1 November 2006 or that the advertising was done with the consent of Ford.
57. I find that the use conditions of s.47(2B) were satisfied in relation to both Ford Cobra Marks for Period 1, but only because of the sales of AC Cobra Mark IV CRS cars.
58. Turning to Period 2, the defendants filed evidence to show that Superformance sold about 8 Shelby Cobra cars in the EU in a period which very substantially overlapped the EU Period and sold 3 such cars in the UK in a period which very substantially overlapped Period 2 as a whole. It is more likely than not that the overlapping was such that this constituted use of the Ford Cobra Marks within Period 2. Also, CSL advertised Shelby Cobra cars on its website and in publications after September 2021, so for the last 9 months or so of Period 2.
59. The claimants' counsel emphasised that to qualify as genuine use, a mark must be used to maintain or create a share in the market for the goods and services in question, see *Walton International*, above, at [115(5)] and [115(6)]. He drew a distinction between, on the one hand, use which results from sales by the trade mark proprietor or its licensee solely in response to orders made overseas, sales which are not conducted with the intention on the part of the proprietor or licensee to maintain or create a share of the market, and on the other hand use in the form of sales consciously intended to maintain or expand a share of the market. In other words, a pull versus push distinction. The distinction is a valid one, but sometimes will not be clear cut. Where the goods in question are cheap and the total value of their sales abroad is small, it may be easy to infer objectively that the proprietor or licensee which supplied them had no interest in the export market in question, notwithstanding adventitious sales there. Where, as here, the goods are costly, the profit from a few sales is liable to be significant and of interest to the proprietor or licensee. It will be harder to say that the sales have not first kindled, and then been made because of, an interest in developing the market in question to the extent that it can be done.
60. On balance I am not satisfied that I can dismiss the sales of 8 or so cars in the EU on the ground suggested by the claimants. I am also not satisfied that I can dismiss the 3 or so sales in the UK. There was also evidence of advertising of advertising by CSL of Shelby Cobra cars for sale with Ford's consent in this country and advertising in the EU of Cobra branded cars for sale through Ford dealerships on the EU, both within

Period 2. I find that the use conditions of s.47(2B) were satisfied in relation to both the First and Second Ford Cobra Marks during Period 2.

### **Whether either s.5(2) or 5(3) obtains**

61. Counsel both submitted that the relevant date for assessing whether both s.5(2) and 5(3) obtains is the priority date of the AC Cobra Mark, 31 October 2006, though without authority for the proposition. This is not consistent with the relevant date for s.10(2) and 10(3) of the 1994 Act and the equivalent provisions of Regulation (EC) 207/2009 and its successor – see *Burgerista Operations GmbH v Burgista Bros Ltd* [2018] EWHC 35 (IPEC) at [54] to [59]. The inconsistency did not occur to me during the trial, which had less than a day of compressed submissions covering quite a wide range of topics. Since counsel were agreed and because I do not believe that it makes any practical difference, I have not invited further submissions and the further cost that this would incur. For present purposes I will assume, possibly wrongly, that the correct date is 31 October 2006.

### *Section 5(2)*

62. The goods in respect of which the Ford Cobra Marks on the one hand and the AC Cobra Mark on the other are registered have “motor land vehicles” in common. I can treat them as having been registered in respect of identical goods.

63. The issue was whether AC COBRA is sufficiently similar to COBRA to give rise to a likelihood of confusion on the part of the average consumer. The principles to be drawn from the relevant case law were summarised by the Court of Appeal in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24, at [87]:

“(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;
- (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.”

64. The defendants’ difficulty was that they filed evidence apparently with another target in mind: the claimants’ case on infringement, no longer pursued. Lance Stander is the owner and CEO of Superformance. He gave evidence about how the name “Cobra” is used in the market, including the UK. He said:

“...it is common for the market to describe replicas (including unauthorized replicas) as Cobras to identify the type, shape and ethos of the car...”

“...owners are typically using the Cobra brand generically to describe the type, shape and ethos of the car ...”

“As to third parties who use the Cobra brand for replicas, they’re typically using it as a generic description of the shape.”

“The name AC Cobra merely explains that AC manufactures a car which is the shape of a Cobra.”

65. The defendants also filed evidence from Chris Theodore, a former Engineering Vice President at Ford, DaimlerChrysler and Chrysler Corporation. His evidence was that those in the market for Cobra cars, whether original cars or replicas, are wealthy enthusiasts aware of the two alternative sources of original cars and the alternative sources of replicas:

“The clue is in the name. A Shelby Cobra is produced by Shelby, an AC Cobra is produced by AC and a third party replica is produced by that third party.”

66. In Mr Lubinsky’s first witness statement for the claimants, served before the claimants abandoned their allegation of infringement, he stated his view that the “AC Cobra” brand is “incredibly strong” and that the defendants’ use of the Cobra sign will lead to confusion with the AC Cobra brand and will damage the brand. This was presented as being no more than his view. In his second witness statement, made after the claimants had withdrawn their case on infringement, he dealt with issues arising from the counterclaim and did not challenge the defendants’ evidence that “Cobra” alone is perceived by those in the market for the relevant types of car as a generic term denoting a type of car, not a trade source.
67. I must be guided by the evidence, notwithstanding what drove it and the reversing of motive as the proceedings progressed. On the defendants’ own evidence the sign “Cobra” is and was at relevant times a generic description of a type of car. Use of the AC Cobra Mark cannot have affected the essential function of either of the Ford Cobra Marks as a guarantee of origin (see, for example, Case C-206/01 *Arsenal v Reed* EU:C:2002:651) – to the extent that the latter were capable of functioning as trade marks in the first place. There can have been no likelihood of confusion as to origin. The defendants’ case in relation to s.5(2) of the 1994 Act is not made out.

*Section 5(3)*

68. The issue argued by the parties in relation to s.5(3) was the requirement that the Ford Cobra Marks had established a reputation by the relevant date. In *Burgerista Operations GmbH v Burgista Bros Ltd* [2018] EWHC 35 (IPEC) I considered the requirements of establishing a reputation under art.9(2)(c) of Council Regulation (EC) 2007/2009, the Regulation governing EU trade marks that was relevant to that case. Art.9(2)(c) is equivalent to s.5(3) of the 1994 Act. I discussed the judgments of the CJEU in *PAGO International GmbH v Tirolmilch Registrierte Genossenschaft mbH* (C-301/07) EU:C:2009:611, *Iron & Smith kft v Unilever NV* (C-125/14) EU:C:2015:539 and *Iron & Smith and Ornuia Co-operative Ltd v Tindale & Stanton Ltd Espana SL* (C-93/16) EU:C:2017:57:

“[69] I draw the following from the judgments of the Court in *PAGO* and *Iron & Smith* and from the opinion of Advocate General Wahl in *Iron & Smith* :

- (1) an EU trade mark has a reputation within the meaning of art.9(2)(c) if it was known to a significant part of the relevant public at the relevant date;
- (2) the relevant public are those concerned by the products or services covered by the trade mark;
- (3) the relevant date is the date on which the defendant first started to use the accused sign; [see the discussion in *Burgerista* at [54]-[59]]
- (4) from a geographical perspective, the trade mark must have been known in a substantial part of the EU at the relevant date;
- (5) there is no fixed percentage threshold which can be used to assess what constitutes a significant part of the public; it is proportion rather than absolute numbers that matters;

- (6) reputation constitutes a knowledge threshold, to be assessed according to a combination of geographical and economic criteria;
- (7) all relevant facts are to be taken into consideration when making the assessment, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by undertaking in promoting it;
- (8) the market for the goods or services in question and from this the identity of the relevant public ought to assume a paramount role in the assessment; and
- (9) the territory of a single Member State (large or small) may constitute a substantial part of the EU, but the assessment must be conducted without consideration of geographical borders.”

69. An oddity of the present case is that at the date of filing and registration of the first Ford Cobra Mark, 14 April 1966, there had already been use of the AC Cobra Mark in the UK. Chris Theodore said that AC Cars sold an AC Cobra car in the UK in 1963. The first Ford Cobra Mark never acquired a reputation *qua* trade mark on the evidence presented and cannot have had a reputation of any sort at that date because it was not registered.

70. As I have said, counsel agreed that the relevant date for assessing the reputation of the AC Cobra Mark was its the priority date of 31 October 2006. The defendants relied solely on use of Cobra by AC Cars, licensed by Ford – use as “AC Cobra”. This highlights the curiosity of the argument, namely that the later mark before it was registered did the work of establishing a reputation for the earlier mark, yet the use of the later mark after it was registered took unfair advantage of, or was detrimental to, the distinctive character or repute of the earlier mark. I do not accept the argument. The case in relation to s.5(3) does not succeed.

#### **Whether Ford acquiesced in the use of the AC Cobra Mark under s.46(1)**

71. The party alleging acquiescence under s.46(1) of the 1994 Act may elect any 5 year period over which it is to be assessed. The claimants chose 13 May 2017 to 12 May 2022.

#### *The law*

72. Section 48(1)(a) of the 1994 Act provides:

#### **“48 *Effect of acquiescence***

(1) *Where the proprietor of an earlier trade mark or other earlier right has acquiesced for a continuous period of five years in the use of a registered trade mark in the United Kingdom, being aware of that use, there shall cease to be any entitlement on the basis of that earlier trade mark or other right—*

*(a) to apply for a declaration that the registration of the later trade mark is invalid, ...”*

73. Statutory acquiescence was considered by the Court of Appeal in *Combe International LLC v Dr August Wolff GmbH and Co KG Arzneimittel* [2022] EWCA Civ 1562, at [29] to [96]. Among the elements of acquiescence under s.48(1) discussed by Arnold LJ (with whom Simler and Newey LJ agreed), two were relevant to the argument on acquiescence in the present case. The first was the nature and extent of use of the later trade mark during the relevant five year period required before it can be said that the proprietor of the earlier mark has acquiesced to such use. The second was the extent of awareness of such use required on the part of the proprietor.

74. With regard to the nature and extent of use of the later mark, Arnold LJ said:

“[76] *Continuous use on a meaningful or commercial scale* . There are two questions here: first, does the use need to be continuous; and secondly, does it need to be on a meaningful or commercial scale? I shall address them separately, but as will appear they are related.

[77] Although the proposition that the use of the later trade mark must be continuous throughout the five year period receives support from some distinguished commentators, I do not accept it. Counsel for the Defendants gave a simple example of a case where it could not be right to require continuous use, namely seasonal goods. Some goods are only sold at certain times of year such as Easter or Christmas. As counsel for Combe was driven to accept, use of the later trade mark during the relevant season for five successive years must be sufficient even if there is no use of it outside the relevant season. More generally, a requirement of continuous use would be unworkable. As counsel for Combe accepted, it could not mean that there had to be use of the later trade mark every second of every hour of every day of every week of every month of every year for five years. How then would one judge whether the use was sufficiently continuous? Would it be enough to use it once an hour? Once a day? Once a week? Once a month? Once a year? And how active would the use have to be for this purpose? Would it be sufficient that goods bearing the trade mark were sitting on the shelf of a shop even if no one bought them for months at a time?

[78] On the other hand, as counsel for the Defendants accepted, it cannot be sufficient for there to be use for a short period of time, say one week, at the beginning of the five year period in question. As counsel for the Defendants submitted, the crux of the single condition in section 48(1) is acquiescence by the proprietor of the earlier trade mark for five successive years in the use of the later trade mark. If there is no use, there cannot be acquiescence in the use. The same message is conveyed by the English language version of recital (12) to Directive 2008/95 , which refers to the proprietor of the earlier trade mark having “knowingly tolerated the use [of the later trade mark] for a substantial length of time”.

[79] In this connection, it is pertinent to note that, as Advocate General Tstenjak pointed out in her opinion in *Budvar* EU:C:2011:605 at [69], all the Romance language versions, and the German and Dutch versions, of Article 9(1) use the equivalents of the words “toleration” and “tolerated” rather than the equivalents of the words “acquiescence” and “acquiesced”. Furthermore, taking

the German version by way of example, this expresses the condition in the following way: “ *Hat ...der Inhaber einer älteren Marke ... die Benutzung einer jüngeren eingetragenen Marke ... während eines Zeitraums von fünf aufeinander folgenden Jahren in Kenntnis dieser Benutzung geduldet* ” (Where the proprietor of an older trade mark has tolerated the use of a younger registered trademark for a period of five consecutive years with knowledge of this use).

[80] In my judgment the answer to this conundrum is that there must be continued, but not necessarily continuous, use of the later trade mark throughout the five year period. What amounts to continued use for this purpose will be a fact-sensitive question which depends on the nature of the goods or services and on the characteristics of the average consumer of those goods or services. Thus fewer instances of use may suffice for expensive or specialised goods that are only bought occasionally than for low-cost everyday items which are purchased regularly. Even in the case of inexpensive commonplace goods, periodic use over five years may well suffice.

[81] As for the level of use required, the Defendants contend that any use which is an infringing use is sufficient, while Combe contend that the use must amount to genuine use such as would defeat a claim for revocation of the later trade mark on the ground of non-use. In support of the latter contention, counsel for Combe argued that it would not make sense to protect use of the later trade mark if it was liable to revocation for non-use.

[82] Although it again has the support of some distinguished commentators, in my judgment genuine use cannot be the right test. Revocation for non-use takes effect from the end of the five year period in question; it does not operate *ab initio* (unlike a declaration of invalidity). Furthermore, a claim for revocation on the ground of non-use can be defeated by demonstrating genuine use of the trade mark at any time within that period. It may be enough to use the trade mark only in the last month. Thus a requirement of genuine use would be inconsistent with the requirement of continuous use which Combe themselves advocate. Moreover, the purposes of the two sets of provisions are different. The purposes of the provisions on acquiescence are those set out above. The purpose of the non-use provisions are to sanction a failure to put the trade mark to use within the five years allowed (absent proper reasons for non-use).

[83] Accordingly, I agree with the Defendants that all that is required is use which infringes the earlier trade mark. This is not to say that the scale of use is irrelevant. On the contrary, it may be relevant in two ways. First, as indicated above, it may be relevant to the question of whether there has been continued use of the later trade mark for five years. The acid test, it seems to me, is that there must be use for five years which a vigilant trade mark proprietor could be expected to oppose. Secondly, as discussed below, it may be relevant to the question of whether the proprietor of the earlier trade mark is aware of the use.”

75. Awareness was also considered in *Combe International*:

“[90] *Awareness* . Although I disagree with the judge’s first three reasons for rejecting the Defendants’ section 48(1) defence, I agree with the fourth. Section

48(1) is explicit that the proprietor of the earlier trade mark must be aware of the use of the later trade mark for five years. This is perfectly consistent with Article 9(1). If the proprietor is not aware of the use for a significant part of that period, it cannot be said to have acquiesced in that use or knowingly tolerated it.

[91] The Defendants contend that, once the proprietor of the earlier trade mark becomes aware of the use of the later trade mark, then it will continue to be aware of such use if the use continues. I do not agree that this is the correct way of looking at the issue. Acquiescence or toleration requires continued awareness of the use. That does not mean that the proprietor can say that it has ceased to be aware of the use merely because of the passage of time, or that it can turn a blind eye to the question of whether the use is continuing. But if the proprietor genuinely and reasonably believes that the use has ceased for a significant period of time, then I do not consider that the proprietor can be said to be acquiescing in or tolerating the use during that period.”

### *Discussion*

76. The defendants submitted that if use of the Ford Cobra Marks licensed by Ford over Period 2 was sufficient for s.47(2B) of the 1994 Act, it was sufficient for s.48(1)(a). Period 2 was between 29 June 2017 and 28 June 2022, a sufficient overlap with the claimant’s nominated five years for s.48(1)(a), 13 May 2017 to 12 May 2022, for the squeeze to be run. I have found that there was sufficient use for Period 2 and so I accept that there was enough use in the s.48(1)(a) period for Ford to have acquiesced, subject to its being aware of such use.

77. There was in evidence correspondence from M. Neil Cummings & Associates, lawyers acting for Carroll Shelby Licensing, Inc and Shelby American, Inc to AC Cars objecting to the use of the Ford Cobra Marks by the defendants in the UK, use in the form of AC Cobra. The letters are signed by Mr Cummings. Mr Stander stated in his first witness statement that he was informed by Mr Cummings that this correspondence was written with the permission of Ford.

78. On 4 January 2017 M. Neil Cummings & Associates wrote:

“It has come to this office’s attention that AC Cars (England) Ltd is making unauthorized use of Shelby’s trademarks and/or intellectual property rights. Such trademarks and intellectual property being misused by AC Cars included... the “Cobra® word mark (owned by Ford Motor Company...). This office holds evidence of such misuse in the form of the enclosed pages taken from AC Cars’ website.”

The enclosed webpages referred to show AC COBRA vehicles, specifically the 2017 AC COBRA 378, being promoted and advertised for sale in 2017.

79. Acedes’ solicitors sent a reply on 17 January 2017, which included this:

“Our client considers that it is well within its rights to conduct the activities complained of, as it is the proprietor of numerous intellectual property rights ...



including registered trade marks for the AC COBRA ...our client cannot and will not comply with the demands set out in your letter”.

80. On 19 August 2020 M. Neil Cummings & Associates wrote again to AC Cars:

“It has come to this office’s attention that AC Cars (England) Ltd is making unauthorized use of Shelby’s trademarks and/or intellectual property rights. Such trademarks and intellectual property being misused by AC Cars included... the “Cobra® word mark (owned by Ford Motor Company...). This office holds evidence of such misuse in the form of the enclosed pages taken from AC Cars’ website.”

The enclosed webpages show AC COBRA vehicles (specifically the AC COBRA Series 1 electric) being promoted and advertised for sale in 2020.

81. A response was sent on behalf of AC Cars by Mishchon de Reya, solicitors, on 20 August 2020 which concluded:

“My client has no intention of ceasing its current activities.”

82. There was no express evidence that the responses on behalf of AC Cars were passed back to Ford. But since Ford gave its permission to send the letters of complaint, it is likely that they were told of the replies. The letter of 19 August 2020 shows that the earlier letter of 4 January 2017 did not stop AC Cars’ use of the Cobra mark complained of, so Ford was presumably aware of that. Moreover, Ford opposed the application to register the AC Cobra Mark before the EUIPO. A decision of the EUIPO Board of Appeal dated 4 July 2012 refers to evidence provided by Ford in those proceedings of use of the sign AC Cobra by Acedes, which in practice must have meant AC Cars. I think that on the balance of probabilities, Ford was aware of the defendants’ use of the AC Cobra Mark. Acquiescence by Ford is established.

### **Whether the AC Cobra Mark stands to be revoked for non-use**

83. The period nominated by the defendants was 23 November 2017 to 22 November 2022. The defendants’ counsel gave it very little attention, saying only that the argument advanced was a squeeze: if (and by implication only if) I were to find that there was insufficient use of the Ford Cobra Marks during Period 2 in relation to s.47(2B) of the 1994 Act, there must have been non-use of the AC Cobra Mark. I have found that the use conditions of s.47(2B) were satisfied in relation to both the First and Second Ford Cobra Marks during Period 2. The allegation of non-use does not succeed.

### **Conclusion**

84. Both of the defendants’ applications, one for a declaration that the AC Cobra Mark was invalidly registered and the other that it should be revoked for non-use, are dismissed. The claimants’ claim of infringement of the AC Cobra Mark was abandoned.