



Neutral Citation Number: [2012] EWCA Civ 24

Case No: A3/2010/2581

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

The Hon Mr Justice Mann

[2010] EWHC 2035 (Ch)

Royal Courts of Justice Strand, London, WC2A 2LL

Date: 31/01/2012

Before:

THE PRESIDENT OF THE QUEEN'S BENCH DIVISION

LADY JUSTICE BLACK

and

LORD JUSTICE KITCHIN

Between:

(1) **Specsavers International Healthcare Ltd**

(2) **Specsavers BV**

(3) **Specsavers Optical Group Ltd**

(4) **Specsavers Optical Superstores Ltd**

Appellants/ Claimants

- and -

Asda Stores Ltd

Respondent /Defendant

James Mellor QC and Adrian Speck (instructed by Eversheds) for the Appellants/Claimants

Iain Purvis QC and Helyn Mensah (instructed by Pinsent Masons LLP) for the Respondent/Defendant

Hearing dates: 11/12/13 October 2011

Approved Judgment

Lord Justice Kitchin:

Introduction

1.

This is an appeal by the claimants (collectively Specsavers) against those parts of an order of Mann J dated 6 October 2010 whereby he declared that certain aspects of a marketing campaign conducted by the defendant (Asda) did not infringe Specsavers' registered trade marks and found one of those trade marks invalid for non use. Asda cross appeals against the one finding of infringement made by the judge.

2.

Specsavers was founded in 1984 and by 2009, the date of commencement of these proceedings, had become the largest chain of opticians in the United Kingdom, operating through over 630 stores and with a market share of about 39%. It has always been the aim of the business to provide customer value in relation to price, quality, range and service. It uses in connection with its business a logo (the "Specsavers logo") which comprises two overlapping dark green ovals with the word Specsavers written across them. It looks like this:



3.

Asda, the well known supermarket chain, has had opticians in some of its stores for a number of years. However, in mid 2008 it was concerned about its position in the market and so decided to re-position and re-launch its optical business. It set about developing a new marketing strategy which culminated in the launch of a marketing campaign in October 2009. There can be no doubt that Specsavers was its main target competitor. The campaign comprised a number of elements including newspaper advertisements, roadside billboards, on-line promotion and materials posted to customers and adopted in and around Asda stores.

4.

As part of its campaign, Asda adopted two straplines which contained a deliberate reference to Specsavers:

"Be a real spec saver at Asda" ("the first strapline") and

"Spec savings at Asda" ("the second strapline")

5.

Asda also adopted a new logo ("the Asda logo") which, in the form in which it was primarily used, comprises two abutting white ovals with the words 'ASDA' and 'Opticians' written across them in a green script. The ovals are placed on a green background. In its alternative form, used on certain recall cards, the colours are reversed and the words 'ASDA' and 'Opticians' appear in white across abutting green ovals. The particular green used by Asda is the same light green which it widely uses in connection with its business. The judge reproduced both forms of the Asda logo in Appendix 2 to his judgment and I have done the same.

6.

Specsavers commenced proceedings for trade mark infringement and passing off as soon as it became aware of the Asda campaign. It deployed a battery of registered Community trade marks (“CTMs”) which are set out by the judge in Appendix 1 to his judgment, which again I have adopted. It will be noted that CTM Nos. 1321298 and 3418928 consist of the word Specsavers (the “Word marks”); CTM Nos. 449256 and 1321348 comprise the Specsavers logo but without any colour limitation (the “Shaded logo” marks); CTM No. 5608385 comprises the two overlapping logos with the word Specsavers written across them but without a different shade in the area of overlap (the “Unshaded logo” mark); and CTM No. 1358589 comprises the logo in a single block colour but without the word Specsavers (the “Wordless logo” mark).

7.

Specsavers alleged that the activities of Asda amounted to passing off; that the Asda logo in both its forms infringed its various logo marks under Article 9(1)(b) of Council Regulation 207/2009/EC of 26 February 2009 on the Community trade mark (“the Regulation”); that the first and second straplines infringed the Word marks under Article 9(1)(b) of the Regulation; and that the Asda logo and the first and second straplines infringed all of Specsavers’ marks under Article 9(1)(c) of the Regulation.

8.

The judge rejected all the allegations of infringement except one. He found that the first strap line infringed the Word marks under Article 9(1)(c) but not otherwise, and that neither of the other uses complained of infringed any of Specsavers’ marks. He rejected the claim for passing off. He also revoked the Wordless logo mark for non use.

9.

Specsavers now appeals the judge’s rejection of the claim for infringement under Article 9(1)(b) and the rejection of the claim for infringement under Article 9(1)(c) in respect of the second strapline and the Asda logo. Specsavers also does not accept the rejection of the passing off claim but recognises that if the appeal in respect of trade mark infringement does not succeed then it cannot succeed on the passing off issue either. However, it does appeal against the revocation of and failure to find infringement of the Wordless logo mark.

10.

Asda cross appeals against the finding of infringement under Article 9(1)(c) by the first strapline. It also contends that the judge should have found that the average consumer would not make any link between Asda logo and the Shaded logo marks.

Legal framework

11. The rights conferred by a Community trade mark are set forth in Article 9 of the Regulation:

“Article 9

Rights conferred by a Community trade mark

1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a)

any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered;

(b)

any sign where, because of its identity with, or similarity to, the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;

(c)

any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.”

12. Article 15 imposes the requirement that a Community trade mark must be used. It reads, so far as relevant:

“Article 15

Use of Community trade marks

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

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

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

13. Article 51 makes non use a ground for revocation. It reads, so far as relevant:

“Article 51

Grounds for revocation

1. The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings:

(a) If, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.

....”

14. These provisions correspond to Articles 5(1), 5(2), 10(1) and 12(1) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 (“the Directive”).

The background

15.

Asda’s intention in developing and launching the marketing campaign the subject of these proceedings has a bearing on a number of the issues which arise for determination and so this was a

matter the judge addressed in some detail. However, as the judge recorded at [16], [17] and [23], his assessment was hampered for two reasons. First, Asda did not call all of the individuals who were involved in the events of the time and in, particular, did not call all those who took over the preparation of the marketing campaign in its final stages after 17 September 2009. Second, the evidence of a number of the witnesses Asda did call was not entirely satisfactory. Mr Rick Bendel, the Chief Marketing Officer for Asda, was ultimately responsible for the campaign and gave evidence of how proposals for it came to be presented to him. The judge described him as somewhat defensive and, on occasions, evasive. Mr Langrish-Dixon was the Buying Manager for Asda Opticians and led the development of the campaign until shortly before its finalisation and launch. The judge described him as a very wary witness who often did not answer the question. Inevitably, therefore, the judge attached considerable importance to Asda's internal documents, and, as will be seen, these are very revealing.

16.

The judge related the development of the campaign in considerable detail from [23][61] of his judgment. I need not repeat it here. But its essential elements sufficient for a consideration of the issues arising on this appeal are these.

17.

In December 2008 Asda proposed that its new campaign should have what it described as "3 pillars", that is to say three ideas which should be central to the exercise. They were "iconic pricing", "broad church" and "professionalism in approach". As for pricing, Asda's idea was to have a basic price which would hold good irrespective of the customer's prescription and choice of lens. In fact, there were two prices, one for basic frames and one for designer frames. "Broad church" reflected the idea of improving the range so as to provide glasses which would appeal to all ages and all types of people. "Professionalism", perhaps self-evidently, reflected the idea of providing a highly professional service.

18.

These ideas were developed in early 2009 and, on 1 April, a presentation was made to Mr Bendel. His message to the team was clear, that they should focus on Specsavers. As the judge found, Mr Bendel told Mr Langrish-Dixon that if Asda was to offer better value than Specsavers then they should "shout about it" and let customers know where they could get the best value. Mr Bendel decided that the team should concentrate on price, and not the other pillars and, as the judge recorded at [28], an internal e-mail noted after the meeting:

"We should market the truth - if we are cheaper than Specsavers and our range is as good then that's what we should market."

From this point, the judge held, the plans for the campaign had an eye on Specsavers.

19.

Work continued on the campaign over the next three months and, as the internal documents make clear, Specsavers remained the clear target of the proposed campaign, the intention being to present Asda as being better than Specsavers, particularly on price.

20.

On 26 August various materials were again presented to Mr Bendel but it seems he was not satisfied. So far as he was concerned, the campaign should be more focused on Specsavers. This emerges clearly from two documents. The first, an e-mail of 26 August, contains these notes of the meeting:

“... review of messaging and marketing campaign to launch full on assault of [sic] Specsavers using price and range as the benchmark ...

Nick have [sic] briefed Brilliantmedia to review how we create full on offensive attack on Specsavers ...”

Review messaging for Optical launch 19th October to be overtly aggressive against Specsavers.”

The second, a Powerpoint slide prepared a few days later, records:

“A really clear message here - review of messaging and marketing campaign to launch full on assault of Specsavers using price and range as the benchmark.”

and

“Specsavers is our version of ‘my supermarket’, so we should compare range and price to them.”

21.

Mr Bendel was asked about these materials and explained that in order to do what he called “drive-price perception” Asda needed to compare its prices with those of its competitors. He recognised that, especially when Asda used headlines which were either a play on words or “had some fun”, it was normal for Asda’s competitors to get upset. He therefore considered it very important that the team’s proposals should be looked at by Asda’s legal team to ensure that it was not doing anything that could be considered defamatory. Mr Bendel was therefore all too well aware of the risks associated with the campaign that Asda was developing.

22.

The next stage involved a closer investigation of Specsavers’ own advertising and promotional material to identify Specsavers’ advertising lines which might be improved upon or developed in a tongue in cheek or humorous way. So, for example,

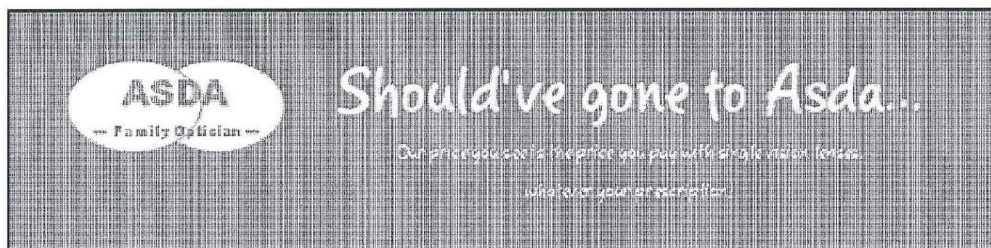
Asda identified Specsavers’ slogan: “Should’ve gone to Specsavers”, and proposed: “Should’ve gone to Asda”.

23.

At about the same time, Asda also began to consider Specsavers’ logos, as revealed by an e-mail of 28 August to its external advertising consultants, Checkland Kindleysides:

“Can you work up what an Asda Opticians logo would look like in Specsavers style please? ... This is a mock up at this stage, just the logo.”

It seems that in response Mr Langrish-Dixon himself produced a mock-up which looked like this:



24.

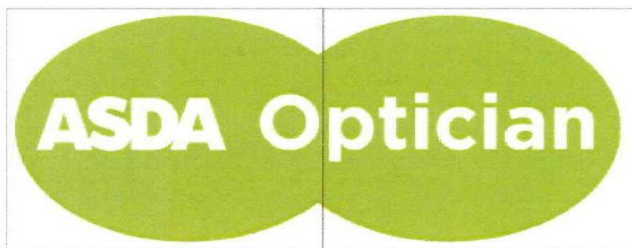
As found by the judge at [38], this portrayed a mindset on the part of Mr LangrishDixon at the time to try to see how to feed off Specsavers' advertising material.

25.

Early in September, Ms Maria Barnett, the Marketing Manager for Asda's central Pharmacy and Healthcare Department and who was, at that time, covering the role of Ms Claire Pritchard, the Marketing Manager in the Optical Department of Asda, asked Checkland Kindleysides to produce some mock header boards including what she described as the "Asda Opticians/Specsavers parody logo" and indicated that they should "make it like Specsavers".

26.

The material delivered by Checkland Kindleysides included the following logo, described as "Logo 1 most like Specsavers":



27.

An internal Asda note described this as "Asda version of Specsavers - rip off". This and other variations were presented to Ms Katherine Patterson, the Director of Marketing Communications. She in turn told Mr Langrish-Dixon that he ought to get legal clearance for what was being proposed and, accordingly, on 11 September, he met with members of the legal team to discuss the various Checkland Kindleysides mock-ups. They were warned that Logo 1 was high risk, as was the suggested strapline "Should've gone to Asda!".

28.

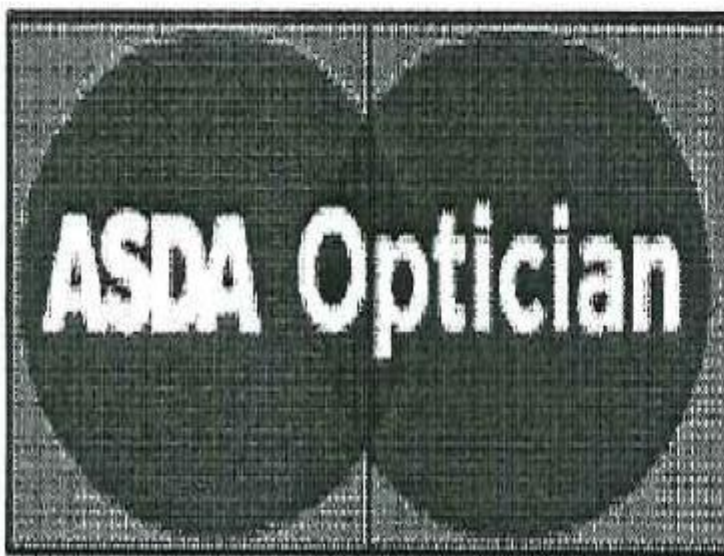
Nevertheless, an e-mail from Ms Barnett to the advertising team dated 14 September reveals a level of excitement and general encouragement about the approach being adopted:

"Rick and Darren are really buzzed up about the new optical offering from October and they've told us to 'attack Specsavers on their own territory'. Exciting stuff! We've been told to parody Specsavers advertising, logo and messages."

On the same day, Ms Barnett asked Checkland Kindleysides for some new mock-ups, but using a modified logo with no overlap of the ovals.

29.

On 17 September an important meeting took place attended by Mr Bendel, Mr Langrish-Dixon and Ms Pritchard. Mr Langrish-Dixon presented some further mockups he had prepared. They looked like this:



Registered Trade
Standard word and
black & white
Logo shape only in

30.

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

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

31.

Mr Bendel's view, as found by the judge, was that Asda should be direct with customers and not "tiptoe around". Those in the team should get over the message that Asda opticians were cheaper than Specsavers and, although they should not copy the Specsavers logo, they should "have some fun" and be "cheeky" in the campaign.

Further, the campaign should be aggressive and he wanted Asda to use the words "spec" and "savers".

32.

At this stage the campaign passed largely out of Mr Langrish-Dixon's control and to the corporate marketing teams. The judge did not hear any evidence from anyone in those teams but was able to piece the story together from Asda's internal documents. A new marketing brief was prepared which was sent to Checkland Kindleysides and another agency called Fallon. It listed as objectives:

"To be able to shout that we are cheaper than Specsavers

To promote our transparent and complete pricing

To communicate that our quality is the same as Specsavers

Our breadth of range is the same as Specsavers"

33.

Ms Pritchard also prepared an information brief which included mock-ups of the store, but without logos. She asked that header boards should contain a main message "eg. Save on Specs at Asda". Posters were to use Specsavers as a comparison and replicate the Specsavers style in a mocking way. Importantly, in relation to colours, it said:

"We do not have to stick to the Standard Asda colours. Asda green is similar to Specsavers and could help with the association - but we could use in a more stylised, less flat style. Use more white with the green to give a designer feel to the store ..."

34.

On 21 September Checkland Kindleysides produced some more ideas for header boards, posters and other materials. One included a logo comprising two nonoverlapping dark green ellipses against a lighter green background with the words "ASDA" and "Optician" written in white letters across the ellipses. A marginal note explained:

"Asda green is very close to Specsavers green. Using a darker logo is also very Specsavers and complements our light green."

35.

This idea was carried forward by the Asda team and on 23 September they presented Mr Bendel with these three options:



36.

The first of these logos, referred to as Option 1, was described as the “Specsavers Logo”. The second logo, referred to as Option 2, was described as being “close to Specsavers”. The third logo, Option 3, was described as “Alternative logo – our own version”.

37.

This is another important document. It, like the document referred to at [29] above, shows that Asda recognised the distinctive nature of the overlapping ovals the subject of Specsavers’ logo marks.

38.

An e-mail sent by Ms Pritchard to a colleague on 24 September shows her thinking:

“We do not want to be seen to be copying Specsavers (e.g. copying logo, colours too closely) as this could make us seem desperate/the poorer cousin and makes us an easy target for them! Only want to compare ourselves, and make fun at them, as we are better, offering better value to our customers with just as good range ...”.

The judge observed that it was apparent that, for her part at least, Miss Pritchard was not seeking to ape Specsavers’ presentation. I would add that she was, however, seeking to make a comparison.

39.

Fallon was working on slogans and, on 25 September, it e-mailed over the strapline “Be a real spec saver at Asda”. Ms Nicki Raybould, a member of the corporate marketing team who was not called to give evidence, and a Mr Mark Sinnock, a marketing communications director, then sought legal advice from Asda’s internal lawyers as to the risks associated with the various proposed logos and straplines. One strapline which suggested that Asda prices were lower than those of Specsavers was not approved because it was thought to be too difficult to substantiate but they considered “real spec saver” “might be OK”.

40.

As for the logos, the legal department approved the non-overlapping ovals but not the overlapping ones and suggested swapping the colourways and adopting a green text against a white background. Mr Langrish-Dixon observed in relation to these suggestions:

“We don’t want to make the message too soft and loose [sic] the impact.”

41.

On 2 October Checkland Kindleysides sent revised mock ups comprising the Asda logo essentially in its final form and the two disputed straplines. They were sent on by Ms Raybould to Ms Pritchard and Mr Langrish-Dixon.

42.

After further legal advice given on 5 October, Mr Martin, styled as “Head of In-Store Experience”, declared his approval of the final product in an e-mail to Ms Raybould of 7 October:

“Excellent piece of work Nicki - well done in achieving a strong end point on the POS solution - I think it looks very good and we’ve pushed the limits on getting as close to Specsavers as possible.”

43.

Asda then signed off on the use of the logo and the straplines and the campaign was launched on 19 October.

44.

The judge then drew together his conclusions in relation to Asda’s intention. At [66], he recorded the submissions of Mr Iain Purvis QC that the initial idea of parodying the logo was given to the outside designers to work on, resulting in mock-ups; Mr Langrish-Dixon had misgivings about that and asked for legal guidance; Mr Bendel then agreed that parodying was not the way forward and gave an instruction not to copy; as a result, the parodying idea was dropped, and the logo changed; Specsavers green was dropped and the ovals were separated. Further, he submitted, the witnesses all said that they did not want to create confusion with Specsavers because they wanted to say that Asda was better. This latter submission is, to my mind, rather revealing. If Asda wanted consumers to understand it was in some way better than Specsavers then it could only be by drawing some sort of comparison with Specsavers.

45.

The judge dealt first with the Asda logo. At [67], he observed that the development began with a version of the Specsavers logo with Asda lettering on it; that the preferred design did not move that far away from the Specsavers logo; Mr Langrish-Dixon was trying to get what he thought was the right blend of aggression and safety; and the aggressiveness involved having a logo with a resonance with the Specsavers logo.

46.

At [68], the judge recorded that at the meeting on 17 September Mr Bendel made it clear that Asda should not copy the Specsavers logo but, as the judge observed, this was not the beginning of an independent design process. Further, although he accepted that Asda had no intention to copy and probably ultimately decided not to try to parody the Specsavers logo, the designers had started there and the design thought processes probably still had their roots there.

47.

Then, at [69], the judge described the Asda logo as ultimately adopted. He summarised the similarities and differences between it and the Specsavers logo, noted that advice had been taken but observed

that the fact remained that the design process had started with something close to the Specsavers logo and then moved what was considered to be a safe distance away. Nevertheless Specsavers was always the main

target competitor of the campaign and was constantly in the minds of those who were planning it. To the end, the team had a firm eye on Specsavers' presentational aspects.

48.

This was a theme to which the judge returned at [97]-[99]. Here he reiterated his acceptance that Asda decided not to copy the Specsavers logo or generate a parody of it. Nevertheless the design was developed with one eye on the Specsavers logo and with a view to being as close to it as was safe. At [99], he concluded:

"I conclude that the plan of the design teams was to have a logo that at least had resonances to Specsavers' logo. They did indeed start from Specsavers and go to what their lawyers told them was a safe distance. It is in the bracket of 'living dangerously' cases. This material provides support for a confusion case. At the same time a big step in removing one perceived element of association was taken when it was decided that the logo would be green and white and not the other way round."

49.

The judge summarised his findings in relation to Asda's intention so far as the straplines were concerned at [71]-[76]. At [71], he said this:

"Although Mr Bendel was initially reluctant to accept that they contained a reference to Specsavers, he did concede that they did. That was intentional. His instructions were to parody Specsavers in the straplines and to go after them on price. As observed above, you cannot parody something unless your material contains a reference to what you are parodying. The reference to Specsavers was deliberate."

50.

At [74], the judge accepted that Asda's intention was to convey a reference to

Specsavers' attributes in the areas of range and professionalism in addition to price. The purpose of Asda's overall campaign was, he found, rooted in the three pillars. However, he continued, Mr Bendel's clear evidence was to convey one message in the marketing, and not three, and that message should be price. However, he accepted that Asda did aspire to parity with other operators and particularly Specsavers, in relation to range and professionalism too. Then, at [76], he concluded:

"When they set about choosing slogans I consider that the Asda team were focussing on the price message. When they found the straplines, and particularly the first one, they were fulfilling their brief to reference Specsavers in a parodying way, and primarily had price in mind. When it was devised the first strapline also had the benefit, in the eyes of Mr Langrish-Dixon at least, of bringing in concepts of value as well, with the additional connotations that that brings in."

Article 9(1)(b)

General principles

51.

The general approach to be adopted in assessing the requirement of a likelihood of confusion under the Regulation and Directive has been considered in a number of important decisions of the Court of Justice including Case C-251/95 Sabel BV v Puma AG [1997] ECR I-6191, Case C-39/97 Canon

Kabushiki Kaisha v Metro-GoldwynMeyer Inc [1998] ECR I-5507, Case C-342/97 Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV [1999] ECR I-3819, Case C-425/98 Marca Mode CV v Adidas AG [2000] ECR I-4861, Case C-3/03 Matratzen Concord GmbH v GmbH v Office for Harmonisation in the Internal Market [2004] ECR I-3657, Case C-120/04 Medion AG v Thomson Sales Germany & Austria GmbH [2005] ECR I-8551 and Case C-334/05 Office for Harmonisation in the Internal Market v Shaker de L. Laudato & C SAS [2007] ECR I-4529.

52.

On the basis of these and other cases the Trade Marks Registry has developed the following useful and accurate summary of key principles sufficient for the determination of many of the disputes coming before it:

(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 causes the public to wrongly believe that the respective goods [or services] come from the same or economically-linked undertakings, there is a likelihood of confusion.

The approach of the judge

53.

The judge approached the issue of infringement of the Shaded logo, Unshaded logo and Word marks under Article 9(1)(b) in a structured and careful way. He began by considering the evidence of confusion and association first, in relation to the Asda logo and second, in relation to the straplines. The following is an outline sufficient to provide a context for the judge's findings and the parties' contentions on this appeal.

54.

The evidence in relation to the Asda logo began with a Mr Jones. He had been a customer of Specsavers and his wife worked there. He received a recall card which bore the Asda logo, but with the colours reversed, as shown in Appendix 2. The card also carried the name Asda and at least parts of it were coloured in Asda green. As recorded by the judge, Mr Jones' initial impression was that Specsavers was inviting him for an eye test. This, he said, was because of the form of the letter which comprised "two green circles joined together" and the use of the colour green. However, after reviewing the letter, he realised it had come from Asda because he noticed Asda's name in the bottom right hand corner. The judge accepted that he was confused but considered that this was because he was not reasonably circumspect or observant. In the judge's view, he simply did not look at the card properly.

55.

Specsavers also introduced the results of a survey. It was carried out on 15 and 16 December 2009 in Leyton near to, but not in sight of, an Asda store. Members of the public were stopped and asked the following question:

"If I wanted to buy a pair of glasses made by Specsavers, do you know where is the nearest place that I could get them?"

56.

As the judge recorded, 244 interviews were conducted and, of those interviewed, 6% (that is to say, 15 people) identified Asda as the place where they could get Specsavers' glasses. Five of those 15 people said they would be prepared to be followed up but apparently they were not. The judge was not impressed by this survey and considered it carried no real weight, essentially because it had not been established why those 15 thought that Asda was the nearest place they could get Specsavers' glasses.

57.

Specsavers also relied upon the evidence of Mr Holmes, its Marketing Director, and Dame Mary Perkins, one of its founders. The judge accepted that they gave their evidence honestly and genuinely

believed the views that they expressed but considered their evidence carried little weight because they were obviously affected by their positions.

58.

Finally, Specsavers relied upon the conception and development of the campaign. It argued Asda had deliberately got as close as it could to Specsavers' marks and that this was a matter to which the judge could properly have regard. The judge considered this issue in some detail and concluded, at [99], in the passage to which I have referred at [48] above, that it was a matter he could take into account.

59.

The judge then turned to consider the evidence particularly relied upon by Asda. He noted the absence of complaints from Asda's customers despite the logo having been present in stores for a period of six months prior to the trial. He also recognised the absence of any complaints from or evidence of confusion amongst Specsavers' customers. But he considered these matters carried little weight because, in both cases, he thought it unlikely that confusion would have come to light.

60.

The judge also summarised the position in relation to a witness collection exercise carried out by Asda across a spread of stores. Interviews were conducted with 6000 members of the public. Of these, 11 gave a statement and indicated they would be willing to give evidence in court. All of them said they would not confuse the Asda logo with Specsavers. The judge admitted the evidence but was not particularly impressed by it, largely because the 11 formed only a small proportion of the class of persons originally approached and it was not possible to determine how representative of the whole class they were.

61.

Lastly the judge referred to the evidence given by Dame Mary Perkins in which she appeared to accept that consumers in Asda, seeing the Asda logo, would not think that they were in Specsavers.

62.

The judge then turned to consider the evidence of confusion and association arising from the use of the straplines. Here, the parties again relied upon the survey or survey type evidence which I have summarised. But, in addition, Specsavers called two witnesses who saw posters bearing the first strapline.

63.

The first, Mrs Brenda Pritchard, saw a billboard carrying the first strapline when out driving with her husband. As found by the judge, she noted the words 'spec saver' and 'Asda', and the colour green, and thought that Specsavers and Asda had in some way joined forces, perhaps because Asda in-store opticians had been bought or taken over by Specsavers or that Specsavers were operating some sort of concession in Asda's stores.

64.

The second, Mrs Emma Trevis, was a personal friend of Mr John Perkins, the Managing Director of Specsavers and the son of Dame Mary Perkins. She was out driving with her husband, a solicitor, who was the client partner for Specsavers, and just as she was talking about a trip her husband was about to make to see Mr Perkins, she saw the first strapline and exclaimed "talk of the devil". The judge did not consider her evidence helpful because she evidently had Specsavers in mind at the moment she saw the strapline.

65.

The judge then considered a submission advanced on behalf of Specsavers that the

Specsavers Shaded logo marks enjoyed an elevated reputation in the colour green and

that this should be taken into account in assessing the likelihood of confusion or association attributable to the use of the Asda logo in green. The judge recognised that the Specsavers Shaded logo marks were not limited as to colour and he proceeded to analyse the similarities between them and the Asda logo on the basis that they were being used in the same colour as the Asda logo. However, he was not prepared to attach any significance to the enhanced reputation enjoyed by Specsavers in the colour green in the global appreciation test.

66.

Finally, the judge identified which signs had to be compared with the registered marks. There was no issue in relation to the logos. The point only arose in relation to the straplines. Specsavers contended that the sign was “spec saver” and, I assume, in the case of the second strapline, “Spec savings”. Asda contended it was the whole strapline. The judge resolved this issue in favour of Specsavers and there is no challenge to that finding.

The judge’s conclusions

67.

The judge began by referring to the guidance given by the Court of Justice in Case C533/06 02 Holdings Ltd 02 (UK) Ltd v Hutchison 3G Ltd [2008] ECR I-4231; [2008] RPC 33 at [64] that the offending use must be seen in context. He also reminded himself of the approach to be adopted to the assessment of similarity between marks made up of two or more elements as explained by the General Court (formerly the Court of First Instance) in Matratzen Concord GmbH v OHIM [2003] ETMR 32 at [32]-[35] and the Court of Justice in Lloyd Schuhfabrik [1999] ECR I-3819 at [19]- [27].

68.

In addressing the allegation that the Asda logo (in both its forms) infringed Specsavers’ logo marks (or, more precisely, the valid logo marks) the judge considered the evidence was of little assistance and he rested his conclusion primarily on his own assessment which he carried out in considerable detail. He began by considering the similarities between the marks and noted they both had ovals but were also significantly different in terms of the placement of the ovals and, importantly, the wording. As he put it at [136]:

“136. There is a degree of similarity in that both logos have ovals with text inside, though that degree is significantly lessened by the fact that the Specsavers ovals overlap in a very characteristic fashion and Asda’s touch. That introduces a significant area of visual difference. However, while the ovals are an important part of the Specsavers sign they do not dominate so as to subordinate the wording as a matter of overall appearance. The wording is equally significant. That being the case, a different form of wording (in the form of the Asda wording) introduces a very significant difference. In my view a very different overall impression is given. Taking that comparison by itself, I do not see how the reasonably circumspect consumer would be confused by the only real element in common, namely the presence of ovals, and thereby think that the two marks connote the same trade origin. Asda is itself a well-known name, and I do not readily understand how its name expressly spelled out, in prominent letters, could leave a reasonably circumspect consumer thinking that the mark is, or even might be, Specsavers’.”

69.

The judge considered that this conclusion was reinforced by a number of other matters. First, he considered the context in which the Asda logo was used, that is to say primarily in the optical section of Asda stores and online. In neither case was there any risk of confusion. Second, he considered the colouration of the Asda logo and thought the use of the darker text on the lighter background further distanced it from the Specsavers logos. Third, he took into account the evidence of Dame Mary Perkins and the view she expressed that customers in an Asda store would not be confused.

70.

The judge considered the position of the recall cards was no different, essentially because of the difference in wording. As for Mr Jones, the judge said this:

“140. ... Here there is no context of being in an Asda environment already, and the colours are reversed so that they are white writing on a green background, like Specsavers’ (though the green is different). However, even in this case, and even allowing for Mr Jones’s evidence, I do not think there is a likelihood of confusion. Again, the real key lies in the wording. It says Asda, not Specsavers. The reasonably circumspect consumer would not think it was a Specsavers card. I accept that Mr Jones did, but without intending him any disrespect I do not think that he was being reasonably circumspect or observant. The lettering is clear enough. He simply did not look at it properly, or properly enough. He may have been over-influenced by the colour green, but that is not being confused by the mark. ”

71.

The judge also addressed the submission that Asda was “living dangerously”. He did not think that this supported the case on likelihood of confusion. To the contrary, it indicated that Asda did not intend to cause confusion:

“141. I do not consider that the “living dangerously” evidence changes this view of the matter. I have set out its significance above. It does not amount to evidence of an intention to confuse. Even if it is evidence of an intention to be close but not so close as to infringe, which is obviously a dangerous tactic, it is still evidence of an intention not to confuse because confusion would be dangerous. The process of starting with Specsavers and then moving away ended up with a final design. The real question is, and remains, whether that design confuses, not whether Asda hoped that it did not confuse, or hoped that they would get away with not confusing, or thought they had got far enough away. The question is whether they are far enough away. The intentions of Asda as I have found them to be, do not, on the facts, provide evidence of a propensity of the mark to confuse. Asda did not design it in order to achieve confusion. It had no wish for consumers to confuse one business for the other, so its intention and conduct cannot be relied on as evidence of a propensity to confuse. ”

72.

The judge also considered the likelihood of the average consumer being confused into believing that the businesses using the marks were in some way economically linked. He reiterated, at [142], there was probably an intention that the Asda logo should have some resonance with the Specsavers logo, but no more than that:

“142. The same conclusion and reasoning applies to the case based on likelihood of association. I do not see how the use of the logo with Asda written in it, even if in green, would give the circumspect consumer the idea that there was some sort of link. Two touching ovals do not have that capacity, and nothing else in the sign does either, particularly bearing in mind the wording which proclaims it is Asda’s. This applies to both versions of the logo. Again, the evidence of the genesis of the mark does not assist Specsavers either. If one is looking for evidence of an intention to create an association in

the relevant sense, it is simply not there. I find that that was something that Asda would not want to do at all. There was probably an intention to have some resonance, but that is not the same as association in this context. There was no intention to suggest an economic link. ”

73.

Turning to the straplines, the judge considered that there was a clear similarity between “Specsavers” on the one hand and “spec saver” on the other, but that context was all important and this dispelled any possibility of confusion:

“145. At this point the context is all important. Taking the first strapline first, the context is a play on words with Asda’s name prominently at the end of the strapline, and lower down on the poster. The relevant consumer would, in my view, read the sign in that way. The “spec saver” is a person who wishes to save money on specs. The strapline conveys that that is better done at Asda. It does not suggest that the advertisement is an advertisement for Specsavers, and I do not consider that the consumer would think that it was. The reference to Asda, in the context, makes sure that it cannot. The word “Specsavers” is a fabricated word make up from two existing words. The strapline breaks it up again. There is a looking back at the composite word (otherwise the play on words does not work), but it does not generate confusion. Mr Bloch’s bald submission was that it could not be more obvious that confusion was likely. I am afraid I think it obvious that it is not.”

74.

Nor was there any risk of association despite the evidence of Mrs Pritchard:

“149. ... I consider that that is not the view that the notional required consumer would take. It seems to me to be a somewhat forced, perhaps over-intellectualised, view to take. I accept that it is the view that Mrs Pritchard took, and I also accept that Specsavers does not have to establish that all consumers would take that view. But it does have to establish that the notional consumer referred to in paragraph 27 of Lloyd would take it, and I do not consider that he or she would. As a matter of grammar the sign refers to a person, not a trading concern. That, of course, is nothing like determinative, but it is a start. I think that he or she would go on to realise that the slogan was a play on words, not an advertisement of a new commercial relationship. It connoted a comparison, not an equation. While the typical consumer does not sit in front of the poster deconstructing the slogan and analysing its elements to arrive at a conclusion as to what is being said, I think it is a fair observation that the consumer would have expected a clearer rendition of the Specsaver mark if the commercial connection made by Mrs Pritchard was to be made. That would have been achieved by using the word “Specsaver”, with a capital letter – the capital letter would be the best way of forging the necessary association. It is absence of the capital and the split into two words which makes it plain enough that what is happening is a play on words, not an advertisement of a new connection. The use of the colour green does not assist Specsavers. It is not Specsavers green, and in any event does not build a connection that is otherwise not there, or reinforce the possibility of one to a sufficient degree promote the likelihood of an association.”

75.

The judge having dismissed the attack on the first strapline, the second could hardly fare better, and he so decided. He also considered the cumulative effect of the signs and, even when used in proximity, he held there was no risk of confusion or association.

The appeal

76.

Mr James Mellor QC, who has appeared on behalf of Specsavers, argued that the judge fell into error in making his assessment of the likelihood of confusion in a number of important respects. I shall address them in turn.

77.

Mr Mellor's first submission was primarily directed to the straplines. He argued that the judge correctly directed himself that the signs complained of, that is to say "spec saver" and "Spec savings", must be considered in context but then proceeded to take into account matters which were not truly part of the context including the wording of the whole straplines and, in particular, the word Asda. He continued that it has never been a defence to a claim for trade mark infringement to say that a significant disclaimer avoids a likelihood of confusion. The judge should, he submitted, simply have compared the mark "Specsavers" with the signs "spec saver" and "Spec savings" and, had he done so, a finding of likelihood of confusion would have been inevitable.

78.

There can be no doubt that under the Trade Marks Act 1938 the statutory protection conferred by a registration was absolute. As the Court of Appeal explained in *Saville Perfumery Ltd v June Perfect Ltd* (1941) 58 RPC 147 at p.161, once a mark had been

shown to offend, the user of it could not escape by showing that by something outside the mark itself he had distinguished his goods from those of the registered proprietor. No doubt influenced by this long standing interpretation of domestic law, the same conclusion was reached by different judges in many cases under the Trade Marks Act

1994, for example by Jacob J in *British Sugar v James Robertson & Sons Ltd* [1996]

RPC 281; by Neuberger J in *Premier Brands UK Ltd v Typhoon Europe Ltd* [2000] FSR 267; by Pumfrey J in *Decon laboratories v Fred Baker Scientific Ltd*; and, indeed, by me in *Julius Sämann Ltd v Tetrosyl Ltd* [2006] EWHC 529 (Ch), [2006] ETMR 75.

79.

The Court of Justice was not constrained in the same way, however, and in a number of cases, including *Case C-291/00 SA Sociétié LTJ Diffusion v Sadas Vertbaudet* and *Case C-245/02 Anheuser Busch Inc v Budejovický Budvar národní podnik* [2004] ECR I-10273, indicated that the court must take account of the specific circumstances of the use of the offending sign.

80.

It was against this background that *Case C-533/06 O2 Holdings Ltd, O2 (UK) Ltd v Hutchison 3G Ltd* [2008] ECR I-4231 came to be decided. It concerned a series of advertisements run by the defendant (Hutchison) promoting its new pay-as-you-go service which was similar to that of the claimant (O2 Holdings). There was nothing objectionable about the advertisements themselves in the sense that they were permitted comparative advertisements and that, as a whole, they were not misleading and did not suggest any form of trade connection between O2 Holdings and Hutchison. However, O2 Holdings complained of the use in the course of them of images of bubbles which they said infringed their registered trade marks under Article 5(1)(b) and (2) of the Directive (corresponding to Article 9(1)(b) and (c) of the Regulation).

81.

At trial ([\[2006\] EWHC 534 \(Ch\)](#)) Lewison J held (at [118]) it was highly artificial to compare the mark and the sign through the eyes of the average consumer without considering what impact the overall use of the sign in context would have on him.

82.

On appeal ([\[2006\] EWCA Civ 1656](#)), Jacob LJ, with whom Mummery LJ and Sir Christopher Staughton agreed, explained that it was not clear whether the use of a sign in a comparative advertisement fell within Article 5(1)(a) or (b) of the Directive at all. Nor was it clear whether the consideration of likelihood of confusion should be limited to a comparison between the defendant's sign and the registered mark or whether it should include a consideration of the context in which the sign was used. These issues, together with others, were therefore referred to the Court of Justice.

83.

The Court of Justice held that the use by an advertiser, in a comparative advertisement, of a sign identical with, or similar to, a competitor's mark may constitute use within the meaning of Article 5(1) and (2) of the Directive and may therefore be prevented, where necessary, by these provisions. As for the assessment of the likelihood of confusion, the Court characterised the question asked by the Court of Appeal in these terms at [25]:

"25. Secondly, it seeks to know, for the purposes of assessing the existence of a likelihood of confusion within the meaning of Art.5(1)(b) of Directive 89/104, whether consideration should be limited exclusively to a comparison between the trade mark and the disputed sign and between the goods or services for which the mark is registered and those for which the sign is used, or whether, on the other hand, it is appropriate to take account of the factual context in which the sign is used. "

84.

It answered that question at [60]-[69]:

"60. It is clear that, in the case in the main proceedings, H3G used the sign similar to the bubbles trade marks in the course of a commercial activity with a view to gain and not as a private matter. The mark was therefore being used in the course of trade (see, by analogy, Céline at [17]).

61.

It is also clear that H3G used that sign without the consent of O2 and O2 (UK), the proprietors of the bubbles trade marks.

62.

Furthermore, that sign was used for services identical with those for which those marks are registered.

63.

By contrast, in accordance with the referring court's own findings, the use by H3G, in the advertisement in question, of bubble images similar to the bubbles trade marks did not give rise to a likelihood of confusion on the part of consumers. The advertisement, as a whole, was not misleading and, in particular, did not suggest that there was any form of commercial link between O2 and O2 (UK) on the one hand, and H3G, on the other.

64.

In that regard, contrary to the submission of O2 and O2 (UK), the referring court was right to limit its analysis to the context in which the sign similar to the bubbles trade marks was used by H3G, for the purpose of assessing the existence of a likelihood of confusion.

65.

It is true that the notion of likelihood of confusion is the same in Arts 4(1)(b) and 5(1)(b) of Directive 89/104 (see, to that effect, *Marca Mode CV v Adidas AG* (C-425/98) [2000] E.C.R. I-4861 at [25]-[28]).

66.

Article 4(1)(b) of Directive 89/104, however, concerns the application for registration of a mark. Once a mark has been registered its proprietor has the right to use it as he sees fit so that, for the purposes of assessing whether the application for registration falls within the ground for refusal laid down in that provision, it is necessary to ascertain whether there is a likelihood of confusion with the opponent's earlier mark in all the circumstances in which the mark applied for might be used if it were to be registered.

67.

By contrast, in the case provided for in Art.5(1)(b) of Directive 89/104, the third party user of a sign identical with, or similar to, a registered mark does not assert any trade mark rights over that sign but is using it on an ad hoc basis. In those circumstances, in order to assess whether the proprietor of the registered mark is entitled to oppose that specific use, the assessment must be limited to the circumstances characterising that use, without there being any need to investigate whether another use of the same sign in different circumstances would also be likely to give rise to a likelihood of confusion.

68.

Thus, the fourth condition required before the proprietor of a registered mark is authorised to prevent the use of a sign similar to his trade mark for goods and services identical with, or similar to, those for which that mark is registered is not satisfied in the case in the main proceedings.

69.

Consequently, the answer to the first question must be that Art.5(1)(b) of Directive 89/104 is to be interpreted as meaning that the proprietor of a registered trade mark is not entitled to prevent the use, by a third party, in a comparative advertisement, of a sign similar to that mark in relation to goods or services identical with, or similar to, those for which that mark is registered where such use does not give rise to a likelihood of confusion on the part of the public, and that is so irrespective of whether or not the comparative advertisement satisfies all the conditions laid down in Art.3a of Directive

84/450 under which comparative advertising is permitted.”

85.

These paragraphs were considered by Arnold J in *Och-Ziff Management Europe Ltd v Och Capital LLP* [2010] EWHC 2599 (Ch), [2011] FSR 11. The case concerned a claim by Och-Ziff Management that Och Capital had infringed its Community trade mark registrations for the marks OCH-ZIFF and OCH by the use of the sign OCH Capital. After referring to the paragraphs of the decision of the Court of Justice in *O2 Holdings* set out above, he continued at [77]-[78]:

“77. The question which arises is this: how far do the

“context” referred to by the Court at [64] and the

“circumstances characterising that use” referred to by the Court at [67] extend? Counsel for Och-Ziff submitted that the context and circumstances were limited to the actual context and circumstances of the use of the sign itself. Thus, in the *O2* case itself, where the sign was used in a comparative

advertisement, the context was the whole of the comparative advertisement, but no more. By contrast, counsel for the defendants submitted that the context and circumstances included all circumstances relevant to the effect of the use of the sign, including circumstances prior to, simultaneous with and subsequent to the use of the sign.

78. In my judgment the context and circumstances are limited to the actual context and circumstances of the use of the sign itself. The Court of Justice explicitly said at [64] that the referring court was right to “limit its analysis” to the context in which the sign was used. Furthermore, it referred at [67] to the circumstances “characterising the use”, not to the circumstances more generally. Thus circumstances prior to, simultaneous with and subsequent to the use of the sign may be relevant to a claim for passing off (or, under other legal systems, unfair competition), but they are not generally relevant to a claim for trademark infringement under art.9(1)(b) . In saying this, I do not intend to express any view on the question of post-sale confusion referred to below.”

86.

It is not entirely clear to me what Arnold J and the parties had in mind by the phrase “circumstances prior to, simultaneous with and subsequent to the use of the sign” but it must, I think, be seen in light of the particular and rather specific issue in that case, namely whether Article 9(1)(b) extended to confusion arising from use of the sign in advertising and promotional materials, so called ‘initial interest confusion’, whether or not any sale resulted and whether or not the consumer remained confused at the time of any such sale. The judge held that initial interest confusion was actionable. At least in the circumstances of that case, it mattered not that it was dispelled at a later time.

87.

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

88.

It necessarily follows that I would reject Mr Mellor’s first submission. The judge approached the issue of the likelihood of confusion arising from the use of the straplines entirely correctly. The average consumer would see the signs “spec saver” and “Spec savings” in the context of the straplines and, indeed, the posters and other materials on which they were used as a whole, and the judge was right to consider them on that basis.

89.

Mr Mellor’s second submission was that the judge fell into error as a matter of principle in his consideration of colour. As I have mentioned at [65] above, the judge was not prepared to attach any significance to the enhanced reputation enjoyed by Specsavers in the colour green in the global appreciation test. His reasoning involved two elements. First, he held that to do so would contravene the principles explained by Jacob LJ in *L’Oréal SA v Bellure NV* [\[2007\] EWCA Civ 968](#); [\[2008\] RPC 9](#). In that case the claimants (collectively “L’Oréal”) manufactured high quality perfumes which they sold under various registered trade marks. In addition, they held registered trade marks comprising depictions of the containers and packaging for those various perfumes. The defendants (collectively “Bellure”) sold what were described as “smell-alike” perfumes in packaging and under names which L’Oréal alleged were confusingly similar to their registered trade marks and took unfair advantage of their product names, trade marks, packaging and brand image. One of

the L'Oréal products was called Miracle and another Trésor. They were said to be infringed by products called Pink Wonder and Coffret D'Or respectively. An issue arose as to whether or not it was appropriate to take into account in assessing the likelihood of confusion particular imagery used by L'Oréal but which did not form part of its registered marks. Jacob LJ with whom Keene LJ and Blackburn J agreed, rejected L'Oréal's contention that it could in these terms:

"109. I turn to L'Oréal's cross appeal on the link point. Mr Carr submits that the "global appreciation" test involves considering not only the registered mark and the defendant's sign, but all other surrounding circumstances. So, he submitted, the fact that the defendants' products form part of a range of smell-alikes should be taken into account as should the manner in which the trade mark owner's mark is used.

110.

I start with the latter point. He raised it in relation to the Pink Wonder box, held not to give rise to a link in either the historical or current version (the difference between the two is slight). Miracle is advertised on television with images of clouds. The Pink Wonder box, besides being generally pink (though a markedly different shade), shows some cloud images. Mr Carr says they should be taken into account by reason of the global appreciation test. I cannot agree. The test is, and must be, founded on the mark as registered, not material which forms no part of that. There is simply no warrant in the Directive for taking more than the registered mark into account. The global appreciation test does not amount to the proposition that once a registered mark is used in marketing, anything, extraneous to the mark used in marketing, comes in too - as though it formed part of the registered mark.

111.

As to the "the other surrounding circumstances" point - essentially that Creation Lamis forms part of a range - I think there is more force. But here we are looking at the defendant's sign. How it would be perceived in practice does form part of a global appreciation on the strict mark for sign test. But having said that, I do not think the judge fell into any error here. He was well aware the defendants' products form part of a range when he made his assessment of a "link". In the end what the trade mark owner has to prove is that that the link is caused by the similarity of his mark and the defendant's sign." 90. Then, he turned to the issue of the link at [112]-[113]:

"112. With that I turn to the judge's alleged errors relating to "a link". I deal with the two word marks first. The judge found no link in respect of the Tresor word mark and the Coffret D'Or name. I am not surprised. It is true that in French the two have some similarity at a high level of generality, but that is likely to be lost on the average British consumer buying the defendant's product in a street market. Even for a French speaker the allusion is at best remote. There was ample material to support the judge's view.

113. Implicitly here is a repeat of the argument I have just rejected, namely that in the global appreciation test you take into account not only the mark as registered but how it is marketed. So, even though the mark is just the word Tresor, you take into account the packaging of the product and the packaging of the defendant's Coffret D'Or product. That simply is not the law. The mark is what is registered, no more."

91.

Mann J considered that the same reasoning applied to colour in this case. Although he did not say so expressly, he must have considered that it too was something extraneous to the registered mark.

92.

He also considered that there was practical merit in this approach. As he put it at [122]:

“... if someone wishes to know whether a proposed sign infringes, he ought to be entitled to answer that question by looking at the register and working from that. Such a person should not have to conduct an additional enquiry into the colours used by the proprietor.”

93.

Mr Mellor submitted that both elements of the judge’s reasoning were wrong. He began by considering the effect of registering a mark in black and white. Jacob LJ explained the significance of this in *Phones 4u Ltd v Phone4u.co.uk Internet Ltd* [2006] EWCA Civ 244, [2007] RPC 5 at [70]:

“70. Third, the informed reader would know the context provided by the Act and Rules. So he would know that the register is to contain any particulars of a limitation of rights. On seeing the word “limited” he would be alert for a limitation of rights. If he had any doubt as to whether there was one he would have cause to go to the pre-registration correspondence – was there, he would ask, a s13(1) agreement? If he went, he would find that the mark was applied for (without evidence of distinctiveness through use) as a series of two marks, the logo in colour, and in black and white (meaning all colours). The Office objected to the black and white version saying it was “insufficiently distinctive” but in a telephone conversation confirmed by letter (15 April 1999) offered acceptance on the basis of a colour limitation. In a letter of confirmation agents said the decision was accepted with reluctance and asked for the colour version to proceed. In the circumstances it is clear that Caudwell were accepting a limitation within the meaning of s13. This is perhaps emphasised by the fact that in relation to another mark referred to in the same Office letter, the Office clearly drew a contrast between “a colour claim (as opposed to a colour limitation)”.”

94.

It follows, said Mr Mellor, that a mark registered without a limitation of colour is registered for all colours. Further, as for the judge’s practical point, the global assessment requires the reputation of the mark to be taken into account, and, accordingly, it is not the law that a person can determine whether or not a sign infringes a registered trade mark simply by looking at the register.

95.

Mr Iain Purvis QC, who has again appeared on behalf of Asda, countered that the judge was right because colour, and here of course Specsavers relied in particular upon its house green, does not form a part of any of its trade mark registrations. In the course of his oral submissions, Mr Purvis took us to the decision of the General Court (then the Court of First Instance) in case T-129/00 *Procter & Gamble Co v OHIM* [2001] ECR II-2793. Although the case was the subject of a further appeal to the Court of Justice, that appeal did not deal with the question of colour. The case concerned the registrability of a three dimensional trade mark in the form of a rectangular tablet with chamfered edges and slightly rounded corners and with speckles and a dark triangular impression in the centre of its upper surface. Colour was not claimed. The application was refused on the grounds that the mark applied for was devoid of any distinctive character. The Board of Appeal agreed. On further appeal to the General Court, the applicant contended that even if the components of the mark, taken individually, were not found to be sufficiently unusual and fanciful to give the mark a distinctive character, the particular combination of the components of shape, pattern and colour created a distinctive and registrable sign. The Court dismissed the appeal, holding:

“54. In order to ascertain whether the combination of the shape of the tablet at issue and its pattern may be perceived by members of the public as an indication of origin, the overall impression produced

by that combination must be analysed (see, by analogy, Case C-251/95 SABEL [1997] ECR I-6191, paragraph 23). That is not incompatible with an examination of each of the product's individual features in turn.

55. Since the applicant has not claimed colour in the present case, the mark applied for cannot enable the products to be identified by reference to their origin unless the average consumer, when he sees a rectangular tablet with chamfered edges, speckles and a triangular inlay, will recognise it irrespective of its colour and associate all products presented in that way with the same origin."

96.

I have reached the conclusion that the law on this issue is not clear and that its resolution will require a reference to the Court of Justice. I also believe, for reasons I shall explain, that although such a reference is not necessary to decide the appeal in relation to the Word, Shaded logo and Unshaded logo marks, it is necessary for this court to decide the appeal and dispose of the claim based upon the Wordless logo mark. In case it may be of assistance, I offer my provisional view. It is that the judge fell into error for the following reasons. A mark registered in black and white is, as this court explained in *Phones 4u*, registered in respect of all colours. The position is therefore markedly different from the cloud images in *L'Oréal* which did not form any part of the mark as registered. Further, the Court of Justice has said in many cases, for example Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer*

Inc [1998] ECR I-5507, that the reputation of an earlier mark is to be taken into account when determining the likelihood of confusion. In particular, the more distinctive the earlier mark the greater the risk of confusion, and marks with a highly distinctive character, either per se or because of the reputation they possess in the market, enjoy broader protection than marks with a less distinctive character. Moreover, as the Court of Justice explained in Case C-251/95 *Sabel BV v Puma AG* [1997] ECR I-6191, account must be taken of the visual, aural and conceptual similarity of the marks, including the overall impression given by them, and bearing in mind, in particular, their respective distinctive and dominant components. If, therefore, a logo registered in black and white has acquired, through use, a particular and distinctive character, in, for example, the colour green, that would seem to me to be a matter which ought to be taken into account in the global appreciation analysis. I recognise that the General Court considered in Case T-129/00 *Procter & Gamble* that where an application for registration of a trade mark gives no indication of colour, its distinctiveness must be assessed irrespective of colour. But that, it seems to me, is dealing with a quite different situation. There the applicant is seeking registration of a mark in respect of, in substance, every colour and, in that context, it is of limited if any value for him to establish that the mark is only distinctive if and when used in one particular colour. In the case of a mark which has in fact been registered in black and white, its distinctiveness has been accepted in respect of every colour and the issue is a rather different one, namely whether, through use, it has gained enhanced distinctiveness as a whole or in one or more of its components. I see no reason why those components should not include colour. Nor do I think this creates any practical problems because third parties must consider whether a mark has acquired enhanced distinctiveness through use in any event.

97.

Nevertheless, I have no doubt that the issue of colour makes no difference to the ultimate conclusion on the issue of likelihood of confusion of the Asda logo (in either form) with any of Specsavers' logo marks other than the Wordless logo mark. I say that for the following reasons.

98.

First, as I have mentioned, the judge approached the issue of colour on the assumption that the Specsavers Shaded and Unshaded logo marks were being used in the same colour as the Asda logo.

99.

Second, the judge considered that a particular and marked difference between the Specsavers Shaded and Unshaded logo marks and the Asda logo was the different form of wording which, to his mind, gave a very different overall impression. In all the circumstances, he did not understand how the name Asda, itself a well known name, spelt out in prominent letters, could leave a reasonably circumspect consumer thinking that the Asda logo was, or even might be, connected with, Specsavers. I entirely agree. In my judgment the difference in wording between the Specsavers' logos and the Asda logo (in both its forms) removes any possibility of confusion on the part of the average consumer.

100.

Mr Mellor's next complaint was that the judge fell into error as a matter of principle in failing to take account of the cumulative effect of the straplines and the Asda logo. As he put it, the matters complained of were all undertaken as part of a single advertising and promotional campaign. The materials used in the campaign were obviously intended to amplify and reinforce each other. So, a person might see a newspaper advertisement one morning, drive past a road side billboard later that day,

be exposed to in-store materials later in the week and then, perhaps, receive materials in the post. In this regard, Mr Mellor emphasised that, for a time, the straplines and Asda logo were used contemporaneously. He continued that this was an important aspect of the context to which the judge failed to have proper regard.

101.

I agree with this submission, but only to a point. For the reasons I have given, I believe that the likelihood of confusion must be assessed globally and so having appropriate regard to all those matters likely to have an effect upon the way the defendant's sign is perceived in practice. I also accept that it is clear from all of the matters to which I have referred in summarising the background to the campaign that the straplines and the Asda logo did form parts of a composite campaign and were intended to be seen as such. So this is a matter which it is appropriate to take into account, subject to the requirement explained by this court in L'Oréal that the test remains founded upon the mark as registered. Where I part company with Mr Mellor, however, is as to its consequence. This is a matter which the judge specifically addressed at [152]:

"Specsavers also ran a case based on the cumulative effect of the signs. This case takes the use of one sign as part of the context of the other. This point did not occupy a central part in Mr Bloch's submissions, but it was referred to in opening and it reappeared in his written final reply submissions, albeit in the context of submissions under Article 9(1)(c) only. I should deal with it for the sake of completeness. Probably the high point of this case would be the appearance in the store of the logo and the first strapline side by side (more or less) - I was shown a photograph of one store where they were juxtaposed. The same occurs on Asda's website. Even in the context of this proximity I do not think there is a likelihood of confusion or association. All that I have said about why the use of the logo in-store does not give rise to confusion applies here. The overwhelming impression is Asda, not Specsavers, and I do not think that the combination of the two elements does anything to counter this."

102.

This, it seems to me, is a conclusion the judge was perfectly entitled to reach. It involves no error of law and, indeed, it is a conclusion which I believe is right.

103.

Mr Mellor then turned to the judge's treatment of the evidence. He contended that the judge fell into error in his assessment of the evidence given by the members of the public, the survey and the fact that, in his submission, Asda was "living dangerously". Further, he submitted, the judge fell into error in failing to consider all of this evidence in the round.

104.

Before turning to consider each of these submissions in detail, it is worth restating that this court will not interfere with the conclusion of a trial judge on an issue which has required him to engage in what has been described as a multi factorial assessment unless there has been an error of principle; see, for example, *Norowzian v Arks Ltd (No 2)* [2000] FSR 363 at p.370; *Designers Guild Ltd v Russell Williams (Textiles) Ltd (HL)* [2001] FSR 11 per Lord Hoffmann at [27] to [30]; *Biogen Ink v Medeva plc (HL)* [1997] RPC 1 per Lord Hoffmann at p.45.

105.

I come then to the members of the public and begin with Mr Jones. It will be recalled that he received a recall card bearing the Asda logo, but with the colours reversed. It was his evidence that he saw the Asda logo on the recall card but that, although he saw the two ovals, he did not see the words Asda or Opticians contained within them. I have looked at the recall card and I have to say that I find it very difficult to see how Mr Jones could have looked at it with any degree of care if he did not see the word Asda in the logo. Moreover, the word Asda appears in many places elsewhere on the card. Mr Jones was called to give evidence and was cross-examined and the judge formed the view that he simply did not qualify as a reasonably observant consumer. In my view, this was a matter for the judge; his conclusion appears to be entirely reasonable and I see no basis for disturbing it.

106.

Two witnesses gave evidence about the first strapline. The first was Mrs Pritchard. I have referred to her evidence at [63] above. The judge considered this evidence in detail at [149] of his judgment to which I have referred at paragraph [74] above. Mr Mellor submitted that this analysis was far too detailed and analytical and, perhaps most importantly, completely ignored the context in which the strapline was used, a road side billboard, which might well be passed at speed.

107.

I did not find Mr Mellor's criticism persuasive. In my view the judge set out at [149] a careful and detailed explanation as to why Mrs Pritchard's reaction was not representative of that of the average consumer. It may be that he was unduly analytical in attaching importance to the use of a capital letter in the word "Specsaver" but the heart of his reasoning is that the first strapline contains a play on words, not an advertisement of a new commercial relationship, and that this would be apparent to the average consumer passing the billboard in a motor car.

108.

The second witness who saw a road side billboard bearing the first strapline was Mrs Trevis. But, as I have explained, she is the wife of the client partner for Specsavers; she is a personal friend of Mr John Perkins, the managing director and son of one of the founders of Specsavers; she was aware of this dispute and, when she saw the billboard, was having a conversation with her husband which concerned Specsavers. It was therefore hardly surprising that she exclaimed "talk of the devil". The judge was entitled to find that she too was not representative of the average consumer.

109.

This brings me to the survey. Mr Mellor argued that the judge erred by not considering Specsavers' evidence as to the likelihood of confusion cumulatively and in the round. In particular, he said, the evidence from the survey and the individual witnesses complement each other. The survey shows that shortly after the campaign was launched 6% of the public had the mistaken belief that Specsavers' glasses were available from Asda, and this, of itself, raises a strong case that a misrepresentation was being made. He continued that, if the judge had considered the evidence as a whole, as he ought to have done, he would have inferred that the reason 6% of the public held that incorrect view was because they were confused by the materials used by Asda in its campaign in just the same way as were the three members of the public - Mr Jones, Mrs Pritchard and Mrs Trevis.

110.

Mr Mellor continued that the survey was the subject of prior court approval in accordance with recent practice; that Specsavers' solicitors wrote to Asda by letter of 5 February 2010 asking if it had any criticisms of the survey and that Asda replied by letter of 8 February to the effect that it would not oppose the admission in evidence of

the survey but that it had severe doubts as to its value. That, said Mr Mellor, was not good enough; if Asda wished to advance criticisms of the survey then it should have done so before the trial or itself carried out a reply survey.

111.

I am unable to accept these submissions. The practice to which Mr Mellor referred was described by Rimer J in *UK Channel Management Ltd v E! Entertainment Television Inc* [2008] FSR 5. He, and Pumfrey J before him in *O2 Holdings* at an interim stage ([2005] ETMR 61), directed that neither party had permission to adduce survey evidence without first having obtained the leave of the court and that any application for leave was to include details of any questions proposed to be used in the survey. The purpose behind the practice is to avoid the spending of time and money on what is clearly irrelevant and unsatisfactory evidence. With this in mind, I made a direction in this case on 3 November 2009 that:

"Any party wishing to conduct a survey directed to the issue of consumer perception of the acts of the defendant complained of by the claimant must first apply to the court with the proposed survey to seek directions of the Court."

112.

In the event, and contrary to that direction, Specsavers conducted a pilot survey in December 2009 without court approval. After Specsavers had obtained the results of that pilot survey, it wrote to Asda indicating that it intended to rely upon those results and did not intend to carry out any further survey work. Asda responded that it would pursue its criticisms and, in particular, its contention that the survey had no probative value, at trial. A consent order was agreed on that basis, and the survey was admitted. In the result the judge was left with precisely the sort of unsatisfactory evidence the new procedure is designed to avoid. Mr Purvis had, in substance, five objections to the survey, all of which appear to me to be justified. The question the survey asked was "if I wanted to buy a pair of glasses made by Specsavers, do you know where is the nearest place that I could get them?". As the judge noted, the survey was conducted near an Asda store with an opticians but nowhere near a Specsavers store. Mr Purvis submitted, and I agree, that it may well be the case that some of the interviewees simply guessed that Specsavers' glasses were available in Asda. Second, none of the 15 interviewees who thought they could purchase Specsavers' glasses from Asda were asked why they had given that

answer. Third, the five interviewees who were willing to give evidence were not followed up later to explore with them the reasons for their answers. Fourth, none of the signs in dispute were shown to any of the interviewees at any stage and, moreover, none of the interviewees were asked any question which might reveal whether they had even seen the signs. Finally, the breakdown of results was unsigned and the author of the breakdown was never identified.

113.

At the end of the day, the judge did not think the survey was particularly telling and he did not think it right that he should attribute much weight to it. In all the circumstances I do not believe he can be criticised for reaching that conclusion.

114.

Finally, I come to the “living dangerously” point. Mr Mellor submitted that if a trader takes a decision to live dangerously he recognises a risk of a successful legal action and so also recognises a likelihood that his activity will deceive some people. This submission was founded upon an observation of Robert Walker J in *United Biscuits v Asda* (1997) RPC 513, a case in which Asda designed its own chocolate-coated sandwich biscuit called “Puffin” which was intended as a “brand-beater” to be matched against the well known “Penguin” biscuit. In that case, as in this, Asda made changes to its initial designs so as to lessen the risk of confusion, but only such changes as were needed in order to avoid what it judged to be an unacceptable risk of being attacked for copying while maintaining Puffins’ position as an obvious competitor and parody. Robert Walker J said at p.531:

“I cannot escape the conclusion that, while aiming to avoid what the law would characterise as deception, they were taking a conscious decision to live dangerously. That is not in my judgment something that the court is bound to disregard.”

115.

In my judgment it is important to distinguish between a defendant who takes a conscious decision to live dangerously and one who intends to cause deception and deliberately seeks to take the benefit of another trader’s goodwill. It has long been established that if it is shown that a defendant has deliberately sought to take the benefit of a claimant’s goodwill for himself the court will not “be astute to say that he cannot succeed in doing that which he is straining every nerve to do”: see *Slazenger & Sons v Feltham & Co* (1889) 6 RPC 531 at p.538 per Lindley LJ. A trader who has taken the decision to live dangerously is in a different position, however. He has appreciated the risk of confusion and has endeavoured to adopt a sign which is a safe distance away. All must depend upon the facts of the particular case. Further, it must be kept firmly in mind that the ultimate question whether or not the similarity between the trade mark and the sign is such that there exists a likelihood of confusion is one for the court to determine in the light of its global assessment of all material factors, of which the intention of the defendant, as a person who knows the market in which he is offering his goods or services, is only one.

116.

In the present case the judge carried out precisely this assessment at [141] of his judgment which I have set out at [71] above. The judge considered that the evidence of Asda “living dangerously” did not, in the circumstances of this case, amount to evidence of an intention to confuse. Asda had no wish for consumers to confuse one business for the other and so the judge held its intention and conduct could not be relied upon as evidence of a propensity to confuse. I am entirely satisfied that the judge was entitled to reach this conclusion in the light of the evidence as a whole, the material aspects of which I have summarised earlier in this judgment.

117.

It follows that I would dismiss the appeal against the judge's finding that the claim for infringement under Article 9(1)(b) in relation to the Asda logo and the straplines failed.

Article 9(1)(c)

General approach

118.

Article 9(1)(c) establishes for marks with a reputation a wider form of protection than that laid down in Article 9(1)(a) or (b).

119.

It is now well established that Article 9(1)(c) applies in relation to goods and services identical with or similar to those in respect of which the mark is registered: Case C-

292/00 Davidoff & Cie v Gofkid Ltd [2003] ECR I-389 at [30], and Case C-408/01 Adidas-Salomon AG v Fitnessworld Trading Ltd [2003] ECR I-2537 at [18]-[22].

120.

Infringement under this provision requires a certain degree of similarity between the registered mark and the sign, such that the average consumer makes a connection between them. It is not necessary that the degree of similarity is such as to create a likelihood of confusion, but it must be such that the average consumer establishes a link between the registered mark and the sign; and this is to be assessed having regard to all the circumstances of the case, as the Court of Justice explained in AdidasSalomon AG [2003] ECR I-2537 at [29]-[30]:

"29 The infringements referred to in Art.5(2) of [Directive 89/104], where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them (see, to that effect, Case C-375/97 General Motors [1999] E.C.R. I5421, para.23).

30. The existence of such a link must, just like a likelihood of confusion in the context of Art.5(1)(b) of Directive [89/104], be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, in respect of the likelihood of confusion, [Case C-251/95] SABEL [[1997] E.C.R. I-6191], para.22, and [Case C-425/98] Marca Mode [[2000] E.C.R. I-4861], para.40)."

121.

The fact that, for the average consumer, who is reasonably well informed and reasonably circumspect, the sign would call the registered mark to mind is tantamount to the existence of such a link: Case C-252/07 Intel Corporation Inc v CPM United Kingdom Ltd [2008] ECR I-8823 at [60].

122.

In addition, it must be shown that the use of the sign without due cause takes or would take advantage of, or is or would be detrimental to, the distinctive character or repute of the registered mark. Thus the three types of injury against which Article 9(1)(c) ensures protection are first, detriment to the distinctive character of the registered mark; second, detriment to the repute of the mark; and third, unfair advantage being taken of the distinctive character or repute of the mark: Intel Corporation at [27].

123.

Importantly, in the absence of such a link in the mind of the public, the use of the sign is not likely to cause one of these three types of injury. But nor is the existence of such a link sufficient, in itself, to establish that there is such an injury: Intel Corporation at [31]-[32]; and [67]-[71].

124.

The Court of Justice elaborated upon the nature of these three types of injury in Case C-487/07 L’Oreal v Bellure NV [2009] ECR I-5185 at [39]-[42]:

“39. As regards detriment to the distinctive character of the mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such detriment is caused when that mark’s ability to identify the goods or services for which it is registered is weakened, since use of an identical or similar sign by a third party leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is particularly the case when the mark, which at one time aroused immediate association with the goods or services for which it is registered, is no longer capable of doing so (see, to that effect, Intel Corporation, para.29).

40.

As regards detriment to the repute of the mark, also referred to as ‘tarnishment’ or ‘degradation’, such detriment is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark.

41.

As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.

42.

Just one of those three types of injury suffices for Art.5(2) of Directive 89/104 to apply (see, to that effect, Intel Corporation, para.28).”

125.

The present case is concerned with the third type of injury, namely unfair advantage being taken of the distinctive character or repute of the mark or, as it was called in L’Oreal, ‘parasitism’ or ‘free-riding’. The Court proceeded to explain (at [44]) that in order to determine whether such unfair advantage is being taken, it is necessary to carry out a global assessment, taking into account all the circumstances of the case:

“44. In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark’s reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive character of the mark, the Court has already held that, the stronger that mark’s distinctive character and reputation are, the easier it will

be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them (see, to that effect, Intel Corporation, paras.67 to 69).”

126.

The Court then gave guidance as to the relevance of the defendant’s intention in determining whether an advantage is unfair at [47]-[50]:

“47. In that regard, the referring court has held that there is a link between certain packaging used by Malaika and Starion, on the one hand, and certain marks relating to packaging and bottles belonging to L’Oréal and Others, on the other. In addition, it is apparent from the order for reference that that link confers a commercial advantage on the defendants in the main proceedings. It is also apparent from the order for reference that the similarity between those marks and the products marketed by Malaika and Starion was created intentionally in order to create an association in the mind of the public between fine fragrances and their imitations, with the aim of facilitating the marketing of those imitations.

48.

In the general assessment which the referring court will have to undertake in order to determine whether, in those circumstances, it can be held that unfair advantage is being taken of the distinctive character or the repute of the mark, that court will, in particular, have to take account of the fact that the use of packaging and bottles similar to those of the fragrances that are being imitated is intended to take advantage, for promotional purposes, of the distinctive character and the repute of the marks under which those fragrances are marketed.

49.

In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.

50.

In the light of the above, the answer to the fifth question is that Art.5(2) of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image.”

127.

The Court may reasonably be thought to have declared, in substance, that an advantage gained by a trader from the use of a sign which is similar to a mark with a reputation will be unfair where the sign has been adopted in an attempt to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, and without making efforts of his own, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. Indeed in *Whirlpool Corp v Kenwood Ltd* [2009] EWCA Civ 753, [2010] RPC 2. Lloyd LJ, with whom Wilson and Rix LJJ agreed, explained at [112] and [136]-[137]:

"112. Thus, the issue raised by Jacob L.J. at para.91 of his judgment in *L'Oréal v Bellure*, which led him to pose the fifth of the referred questions, has been answered, in essence, to the effect that an advantage obtained by the third party from the use of a similar sign, which is neither confusing nor otherwise damaging, is unfair if the advantage is obtained intentionally in order to benefit from the power of attraction, the reputation and the prestige of the mark and to exploit the marketing effort expended by the proprietor of the mark without making any such efforts of his own, and without compensation for any loss caused to the proprietor, or for the benefit gained by the third party.

...

136.

... It is not sufficient to show (even if *Whirlpool* could) that *Kenwood* has obtained an advantage. There must be an added factor of some kind for that advantage to be categorised as unfair. It may be that, in a case in which advantage can be proved, the unfairness of that advantage can be demonstrated by something other than intention, which was what was shown in *L'Oréal v Bellure*. No additional factor has been identified in this case other than intention....

137.

The question of unfair advantage has to be considered in the round, using a global assessment as indicated in *Intel* in para.79 of the Court's judgment. As Advocate General

Sharpston said at para.65 of her Opinion in *Intel*, unfair

advantage is the more likely to be found if the mark is more distinctive and if the goods or services are more similar. The Board of Appeal in *Mango* also said that unfair advantage is the more likely where there is greater similarity of goods as well as where the mark is more distinctive, but that was a case where the mark was identical, and strongly distinctive, and the goods were not the same but they were in an associated or overlapping field. The Court in *L'Oréal v Bellure* also referred to the importance of the strength of the reputation of the mark, and the strength of the reminder, reiterating what had been said in *Intel*.... Here, although the relevant goods are very similar (even identical if one is considering the category stand mixers), the mark is distinctive, but not strongly so, nor is the reminder strong. That is therefore another pointer away from unfair advantage. At para.66 of her Opinion in *Intel* Advocate General Sharpston referred to the question whether the association of the earlier mark would enhance the performance of the later sign in the use made of it. That is another way of putting the proposition that the alleged infringer must draw some advantage from the use of a similar mark or sign. In *L'Oréal v Bellure* the third party's advantage had been established; here it is very much in issue.

128.

But plainly there are limits to this broad principle. For example, as stated, it would apply to comparative advertisements which comply with all the conditions set out in the Directive 2006/114/EC concerning misleading and comparative advertising (the "Comparative Advertising Directive"). Yet it

is clear that such advertisements are permissible. So also the Court has recently given guidance on the application of Article 9 of the Regulation (and Article 5 of the Directive) in the context of the use of internet keywords in four judgments, namely: Joined Cases C-236/08 to C-238/08 Google France SARL v Louis Vuitton Malletier SA [2010] ECR I-2417; Case C278/08 BergSpechte Outdoor Reisen under Alpinschule Edi Kobmuller GmbH v Guni [2010] ECR I-2517; Case C-558/08 Portakabin Ltd v Primakabin BV [2010] ETMR 52; and Case C-323/09 Interflora Inc v Marks & Spencer plc [2012] ETMR 1.

129.

In Google the Court of Justice was concerned with three joined cases by a number of different trade mark owners who complained that their trade marks were being made available by Google as part of its 'Adwords' service. This service enables adverts to be displayed, alongside natural results, in response to the use of a keyword. The adverts typically consist of a short message and a link to the advertiser's site. In these actions the trade mark owners were trying to prevent the use of keywords comprising their trade marks by advertisers, and the display by Google of advertisements in response to those keywords. The Court was asked a series of questions directed to the question whether the use of a keyword which corresponds to a trade mark can be regarded as an objectionable use of that mark.

130.

In addressing the referred questions, the Court first considered infringement under Article 9(1)(a) (and Article 5(1)(a) of the Directive) and began by addressing the requirement that the use must be "in the course of trade". It concluded (at [50]-[59])

that the advertisers were using the registered trade marks in the course of trade but that Google was not.

131.

The Court then turned to the question whether there was use in relation to goods or services. In finding that there was, the Court described the nature of the Adwords service from the user's perspective in these terms:

"67 In the case of the referencing service, it is common ground that the advertiser, having chosen as a keyword a sign identical with another person's trade mark, intends that internet users who enter that word as a search term should click not only on the links displayed which come from the proprietor of the trade mark, but also on the advertising link of that advertiser.

68.

It is also clear that in most cases an internet user entering the name of a trade mark as a search term is looking for information or offers on the goods or services covered by that trade mark. Accordingly, when advertising links to sites offering goods or services of competitors of the proprietor of that mark are displayed beside or above the natural results of the search, the internet user may, if he does not immediately disregard those links as being irrelevant and does not confuse them with those of the proprietor of the mark, perceive those advertising links as offering an alternative to the goods or services of the trade mark proprietor.

69.

In that situation, characterised by the fact that a sign identical with a trade mark is selected as a keyword by a competitor of the proprietor of the mark with the aim of offering internet users an

alternative to the goods or services of that proprietor, there is a use of that sign in relation to the goods or services of that competitor.

70.

It must be borne in mind, in that regard, that the Court has already held that the use by an advertiser, in a comparative advertisement, of a sign identical with, or similar to, the mark of a competitor for the purposes of identifying the goods and services offered by the latter and to compare its own goods or services therewith, is use 'in relation to goods or services' for the purposes of Art.5(1) of Directive 89/104 (see O2 Holdings and O2 (UK), paras.35, 36 and 42, and L'Oréal , paras.52 and 53).

71.

Without its being necessary to examine whether or not advertising on the internet on the basis of keywords which are identical with competitors' trade marks constitutes a form of comparative advertising, it is clear in any event that, as has been held in the case-law cited in the preceding paragraph, the use made by the advertiser of a sign identical with the trade mark of a competitor in order that internet users become aware not only of the goods or services offered by that competitor but also of those of the advertiser constitutes a use in relation to the goods or services of that advertiser.

132.

The Court here noted an important feature of the service, namely that, assuming interest on the part of the user and a fair presentation which is not likely to cause confusion, such advertising links are likely to be seen as offering alternatives to the goods or services of the trade mark proprietor.

133.

The Court then assessed (at [75]-[98]) whether the use was liable to have an adverse effect on one of the functions of the trade mark, another essential element of a claim for infringement under Article 9(1)(a) (and Article 5(1)(a) of the Directive). Specifically it considered impact on the origin function and the advertising function. The Court considered that impact on the origin function would depend upon the way the advert was presented. For example, that function would be adversely affected if the advertisement did not enable a normally informed and reasonably attentive user to ascertain, or enabled him to ascertain only with difficulty, whether the goods or services were those of or connected with the trade mark proprietor.

134.

As for the advertising function, the Court noted (at [96]-[97]) that the advertising links were displayed beside or above the list of the natural results of the search; that the home and advertising page of the trade mark proprietor appeared in the list of natural results, usually in one of the highest positions, and this meant that its visibility was guaranteed. In these circumstances this function was not likely to be adversely affected.

135.

The Court also addressed a question whether the provision of such a service could be prevented under Article 9(1)(c) (and Article 5(2) of the Directive). The Court had effectively already answered this question in deciding that the service provider was not itself using the sign. However, in connection with the offer of imitation Louis Vuitton goods through Google, it referred back to its earlier decision in L'Oréal in observing at [102]-[103]:

"102. The Court has already held, in the case of offers of imitations for sale, that, where a third party attempts, through the use of a sign which is identical with, or similar to, a reputable mark, to ride on

the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of its own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark (L'Oréal, para.49).

103. That case-law is relevant in cases where advertisers on the internet offer for sale, through the use of signs identical with reputable trade marks such as 'Louis Vuitton' or 'Vuitton', goods which are imitations of the goods of the proprietor of those marks."

136.

The decisions of the Court of Justice in *BergSpechte* and *Portakabin* add nothing of relevance to this case to the decision in *Google*. They simply reiterate that a trade mark proprietor is entitled to prohibit another trader from advertising using a keyword identical with, or similar to, his registered trade mark where the advertising does not enable average internet users, or enables them only with difficulty to ascertain whether the goods or services so advertised are the goods or services of or connected with the trade mark proprietor.

137.

In the *Interflora* case, Marks & Spencer ("M&S") selected as a keyword the word "Interflora". Consequently, when internet users entered the word "Interflora" as a search term in the Google search engine, an M&S advertisement appeared under the heading "sponsored links". The Court of Justice was once again asked questions concerning the proper interpretation of Article 9(1)(a) of the Regulation (and Article 5(1)(a) of the Directive) and took the opportunity to provide further guidance as to how the use of a keyword might affect the origin, advertising or investment functions of a trade mark. It concluded (at [66]):

"... that the proprietor of a trade mark is entitled to prevent a competitor from advertising—on the basis of a keyword which is identical with the trade mark and which has been selected in an internet referencing service by the competitor without the proprietor's consent—goods or services identical with those for which that mark is registered, where that use is liable to have an adverse effect on one of the functions of the trade mark. Such use:

- adversely affects the trade mark's function of indicating origin where the advertising displayed on the basis of that keyword does not enable reasonably well-informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods or services concerned by the advertisement originate from the proprietor of the trade mark or an undertaking economically linked to that proprietor or, on the contrary, originate from a third party;
- does not adversely affect, in the context of an internet referencing service having the characteristics of the service at issue in the main proceedings, the trade mark's advertising function; and
- adversely affects the trade mark's investment function if it substantially interferes with the proprietor's use of its trade mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty."

138.

The Court then turned to consider the applicability of Article 9(1)(c) of the Regulation (and Article 5(2) of the Directive). It reiterated that the types of injury against which

Article 9(1)(c) provides protection are, first, detriment to the distinctive character of

the trade mark, second, detriment to the repute of the mark and third, unfair advantage being taken of the distinctive character or repute of the mark. So far as these proceedings are concerned, I need only focus on the third of these. The Court summarised the position in this way:

“74. For its part, the concept of “taking unfair advantage of the distinctive character or the repute of the trade mark”, also referred to as, *inter alia*, “free-riding”, relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation

(Case C-487/07 L'Oréal [2009] E.T.M.R. 55 at [41]). ”

139.

In addressing the issue in more detail, the Court explained, at [86], that the purpose of the use of a trade mark as a keyword was to take advantage of its distinctive character and repute; at [87], that the competitor derived a real advantage from the distinctive character and repute of the trade mark; and, at [88], the advertiser did not, as a general rule, pay the trade mark proprietor any compensation in respect of that use. It followed that, in the absence of “due cause”, such use could fall within the scope of Article 9(1)(c):

“89. It is clear from those particular aspects of the selection as internet keywords of signs corresponding to trade marks with a reputation which belong to other persons that such a selection can, in the absence of any “due cause” as referred to in Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation 40/94, be construed as a use whereby the advertiser rides on the coat-tails of a trade mark with a reputation in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of its own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark. If that is the case, the advantage thus obtained by the third party must be considered to be unfair

(Case C-487/07 L'Oréal [2009] E.T.M.R. 55 at [49]). ”

140.

The Court continued (at [90]) that the use would likely be without due cause if the goods offered using the Adwords service were imitations of those sold under the trade mark. But this was not the case where the goods were simply alternatives:

“91. By contrast, where the advertisement displayed on the internet on the basis of a keyword corresponding to a trade mark with a reputation puts forward—without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution or tarnishment and without, moreover, adversely affecting the functions of the trade mark concerned—an alternative to the goods or services of the proprietor of the trade mark with a reputation, it must be concluded that such use falls, as a rule, within the ambit of fair competition in the sector for the goods or services

concerned and is thus not without “due cause” for the purposes of Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation 40/94.”

141.

In my judgment these cases do reveal a development by the Court of Justice of its jurisprudence on the scope of Article 9(1)(c) of the Regulation. They establish that a proprietor of a trade mark with a reputation is not necessarily entitled to prohibit the use by a competitor of his mark in relation to goods for which it is registered even though the mark has been adopted with the intention and for the purpose of taking advantage of its distinctive character and repute, the competitor will derive a real advantage from his use of the mark, and the competitor will not pay any compensation in respect of that use. Consideration must be given to whether the use is without due cause. Specifically, the use of a trade mark as a keyword in order to advertise goods which are an alternative to but not mere imitations of the goods of the proprietor and in a way which does not cause dilution or tarnishment and which does not adversely affect the functions of the trade mark must be regarded as fair competition and cannot be prohibited.

The judge’s conclusions

142.

The judge addressed the evidence in considering the issue of infringement under Article 9(1)(b). He was therefore in a position to go straight to his conclusions and he began with the first strapline.

143.

The judge considered (at [156]) the use of the first strapline plainly called Specsavers and the Word marks to mind. That was the whole purpose of the play on words. He then turned to consider whether Asda had taken unfair advantage of the distinctive character and repute of Specsavers’ trade marks. After referring to the decisions of the Court of Justice in L’Oréal and of this court in Whirlpool, he held at [161]-[162]:

“161. I also think that the use of “spec savers” in the first strapline gave Asda an advantage. The advantage was, at the very least, a reference point for its intended message – you will get a better deal at Asda than at Specsavers. That is what I consider to be its prime message. In doing that it is clearly referencing people’s knowledge of Specsavers and its reputation for value.

162. However, I also consider it is doing more than that. While focusing on value (savings – “saver”) it is referencing the brand in a wider way, simply because the brand connotes more than just value. It brings Specsavers to mind as a brand. That is inevitable, because it is a brand with a reputation. Furthermore, this was Asda’s intention, and the case law renders intention significant. As described above, Asda intended to refer to value at least. There was considerable debate in, and as a result of, the evidence as to whether Asda intended to convey superiority or parity in areas other than value, namely range and professionalism (the other two pillars). I think that by the time Asda came to decide on, and to use, the straplines its main intended focus was on value, because that is what Mr Bendel told the team to do and that is what the first strapline really focuses on. However, that is not the entirety of the point. The reference to Specsavers was not accidental. It may have been intended to focus on value but calling the brand to mind in this way inevitably, and predictably, calls other aspects of it to mind. That is why it was done. Mr LangrishDixon’s evidence demonstrates that the brand was to be brought to mind for some purposes, and once that is done it comes along with all its effects. Whether it is precisely the other two pillars, and to what extent, does not matter.”

144.

This, he considered, was an unfair advantage within Article 9(1)(c). As he elaborated later at [167], Asda was seeking to use the power of attraction of the mark and then to build on it. It was “standing on the shoulders” of Specsavers.

145.

The judge then addressed the second strapline. He found that this would bring the Specsavers brand to mind but in a much weaker way and any case of detriment or unfair advantage had not been made out:

“174. First, the link. I consider that the link is there but is much weaker than with the first strapline. Specsavers’ word mark, and therefore the brand, will be called to mind in a much weaker way. This is ultimately a matter of impression but I think the point is clear. I think it will be called to mind in a way which is much more redolent of a pure pun than is the case with the first strapline.

175. The weaker the link, the less likely unfair advantage or detriment that will be likely to be taken or caused – see L’Oreal at para 44. That is the first problem for Specsavers. The second is an absence of evidence of detriment. There was no evidence at all, and none was plausibly suggested. Putting this mark in its context, and bearing in mind what I have already said about the pun-carrying quality of this mark, I do not think that Specsavers can make out a case of unfair advantage either. This mark does not use the concept of Specsavers as a value provider, or with any other qualities, so as to give it a leg up, as the first strapline does. I find that this mark does not infringe under Article 9(1)(c).”

146.

Finally, the judge turned to the logo. He explained (at [177]) that but for what he had described as the living dangerously evidence he would not have found a link. But looking at all the evidence, including the evidence from Asda, he believed it would result in Specsavers being called to mind, albeit weakly:

“178. However, I have to consider the effect of the “living dangerously” evidence. The net result of that was a sign that did not copy the Specsavers sign, and was not close enough to cause confusion, but was one which the design team thought had a resonance with Specsavers. The word “resonance” is my summary of the effect of their evidence, and I consider it to be a fair summary. That was their intention; they are marketing professionals; and I give that view some weight. They thought that they had moved far enough away to be safe from a finding of infringement but that is a different point. I do not think that they thought they had moved a sufficient distance such that there was no resonance.

179. That resonance is capable of amounting to “bringing to mind” within the test. The extent to which that is true depends on the degree of resonance. I have to make a judgment about that. On the basis of that evidence I think that although there is probably just a calling to mind, it is of the very weak variety. It will be more of a vague impression than a firm implantation.

.....

182. ... I am prepared to accept, for these purposes, that a mark of repute is capable of operating at a number of psychological levels. The Asda design team understood that and thought that what was left of their logo after the lawyers had had a go at it still had an effect. That is evidence of a link.”

147.

But this was not such as to confer an unfair advantage, even allowing for the use of the colour green:

“183. It is, however, very weak. It arises out of the shapes of the ovals and no more. It is heavily countered by the Asda wording. I suppose that, although it is weak, it might be thought to carry some

advantage (that would, after all, be the purpose of going for an association) but in my view it is by this time a very slight one, and is too slight to be unfair notwithstanding that it might be thought to have been intended. Nothing else makes it unfair. There is no question of detriment to Specsavers' mark arising out of it.

184. I reach this conclusion despite the colouration of the logo on the recall card. It seems to me that notwithstanding the fact that colour is of only limited relevance in a 9(1)(b) infringement, it might have more of a part to play in relation to Article 9(1)(c). If the proprietor's mark has a strong reputation in a given colour, to produce a similar resonating mark in a similar colour might reinforce the link, or reinforce the fairness case. However, I do not consider that I need to go into that question in this case. Even allowing for the colour green used in the logos I still think that the link is weak, any advantage is very slight and the advantage is not unfair. This applies to both forms of the logo."

148.

Finally, the judge considered the combined effect of the logo and the straplines together. He concluded the second strapline added nothing to the logo and it was unnecessary to consider the effect of the first strapline with the logo because he had already found the first strapline objectionable:

"186. Mr Bloch had his further case that the logo and straplines together had a combined effect. I do not think that the second strapline adds anything in this way to the logo. Whether or not the combination of the logo and the first strapline gives rise to a link and an unfair advantage is not something that I need to consider. The link and advantage arise out of the strapline by itself. A fortiori it exists if the logo is there too (as in the instore deployment of both together) but it is unnecessary for me to consider whether or not this means that the logo acquires an infringing capability - an infringement has already been established."

The appeal

149.

The parties each appeal against the judge's findings. It is convenient to begin with Asda's appeal against the finding in respect of the first strapline.

150.

Mr Purvis developed Asda's argument as follows. He contended that the case on the first strapline gives rise to an important question about the scope of the decision in L'Oréal and the extent to which it extends to comparative advertising by legitimate businesses with their own independent reputations. He continued that L'Oréal was a case about cheap perfumes whose packaging had been designed to create an intentional association with a fine perfume, whereas this is a case where a trader has used a sign which alludes to the mark of a competitor in order to enable him to promote himself advantageously as against that competitor. If this were to be characterised as riding on the coat-tails of the mark, and therefore an advantage taken unfairly by the trader of the distinctive character and repute of the mark then Article 9(1)(c) would catch every case of comparative advertising and that is clearly not what the Community legislature intended.

151.

I accept that the Community legislature did not intend to prohibit comparative advertisements which comply with the conditions set out in the Comparative Advertising Directive. Indeed it is clear that comparative advertising which helps to demonstrate objectively the merits of comparable products and services may stimulate competition between suppliers to the advantage of the consumer. As

recital (8) of that directive says: comparative advertising, when it compares material, relevant, verifiable and representative features and is not misleading, may be a legitimate means of informing consumers of their advantage. I also accept that this is case in which Asda has sought to promote itself advantageously against Specsavers. Such is apparent from the history of the development of the campaign which I have summarised and to which I must return in considering Specsavers' appeal. But the fallacy in the argument advanced by Mr Purvis is that this is a case of legitimate comparative advertising. Asda has made no attempt to establish that its campaign meets the conditions of the Comparative Advertising Directive. Indeed, a strapline which suggested that Asda prices were lower than those of Specsavers was not approved because it was thought to be too difficult to substantiate. Instead, Asda adopted the strategy of using a strapline which was intended to bring Specsavers to mind and to convey superiority in terms of value, and superiority or parity in the areas of range and professionalism, and it has done so in a manner which does not involve an objective comparison of verifiable and representative features of the parties' goods or services. In my judgment, the judge was right to find that that this constituted an infringement of the Word marks under Article 9(1)(c).

152.

I turn then to the second strapline. Here the judge reached a different conclusion for the following reasons. First, at [151], he reasoned that "Spec savings" was "some significant distance" from "Specsavers" and that there was a conceptual difference between "savers" and "savings" such that the similarity between them was very weak. Second, at [174], he considered the link, though present, was much weaker than in the case of the first strapline. Third, he thought the Specsavers brand would be called to mind in a way much more redolent of a pure pun and so this strapline would not give Asda a "leg up" in the same way.

153.

I agree with the judge that "spec savings" is not as close to Specsavers as "spec saver". But in my judgment the judge fell into error in concluding that the one was some significant distance from the other and in this regard I believe he focused unduly at [174] on the differences between the first and second straplines. Had the judge considered, as he was bound to do, the visual, aural and conceptual similarities between the sign "Spec savings" and the mark "Specsavers" he would have found that they are very similar to each other. Visually they are closely related, to the ear one can easily be taken for the other and conceptually they convey the ideas of spectacles and value. Despite the context of the second strapline as a whole which, I accept, would dispel the likelihood of confusion as to origin, I believe that the average consumer seeing this strapline would make a connection with Specsavers. I am confirmed in this view by the fact that this was Asda's intention. As the judge himself found in the passages to which I have referred at [49] to [50] above, the second strapline contained a reference to Specsavers; the reference was intentional; and Asda was attempting to convey its price message, that is to say it offered better value than Specsavers. These findings were amply supported by the evidence before the judge as to the conception and development of the whole campaign.

154.

I also disagree with the judge's conclusion in [175] that Specsavers had failed to make out a case of unfair advantage. Once it is recognised that the use of the second strapline did create a link with Specsavers it seems to me to be clear that it also used the concept of Specsavers as a value provider and that such use inevitably gave Asda a marketing advantage. Was this advantage unfair and obtained without due cause? I believe it was. This is not a case of legitimate comparative advertising or of one trader simply offering alternatives to the goods or services of another trader through something akin to the Adwords service. Asda intended to benefit from the power of attraction

attaching to the Specsavers brand and to exploit, without paying any compensation, Specsavers' marketing efforts by conveying to consumers that Asda offered real value in the form of spectacle savings. I believe that a finding of infringement of the Word marks under Article 9(1)(c) should have followed; as should a finding of infringement of the Shaded and Unshaded logo marks, each of which includes the word Specsavers.

155.

That brings me to the Asda logo in both its forms. Here, as I have said, the judge explained that, but for what he had described as the "living dangerously" evidence, he

would not have found a link. However, in the light of that evidence he was satisfied that Specsavers would be brought to mind, albeit weakly; that it arose out of the shapes of the logos and no more; and that it was heavily countered by the Asda wording.

156.

The parties both contended that the judge here fell into error. Mr Purvis submitted that, on an objective comparison between the Asda logo and the Specsavers logo marks, the judge found that Specsavers would not be called to mind. Having come to that conclusion, it was not then open to him to find that a link existed, even of a weak variety. The perception of the average consumer is decisive and since only features of a mark which can be objectively perceived will come to the attention of the average consumer, subjective intention must be irrelevant.

157.

Mr Mellor contended that the judge was right to take Asda's intention into account but he erred in failing to take into account the cumulative effect of the campaign and the effect of colour. Had he done so, he would have found that the use of the Asda logo took unfair advantage of the distinctive character and repute of the Specsavers logos.

158.

I have addressed all these arguments or variants of them in the context of the allegation of infringement under Article 9(1)(b). As for Mr Purvis's submission, I accept that whether the mark and the sign are similar such that the average consumer will make a connection between them is an objective question to be assessed in the light of all relevant factors. However, it is a matter which must be judged through the eyes of the average consumer. Accordingly, if the defendant is a trader with experience of the relevant market I believe it is permissible for the court to take into account his intention in using the sign complained of because he may be expected to have an understanding of the nature of the market, the characteristics of the average consumer and other matters affecting how that average consumer will react to the use of the sign. The weight to be given to evidence of the defendant's intention will depend upon the nature of that evidence and all the other relevant circumstances. Asda plainly had an intimate understanding of the relevant market and, as the history I have related reveals, its campaign was the subject of careful and lengthy preparation. It follows that the judge was entitled to take into account Asda's intention in the way that he did.

159.

Turning to Mr Mellor's submissions, I will deal first with colour. This was a matter which the judge did in fact consider at [184] in making his global assessment. He had regard to the reputation acquired by Specsavers and Asda in their respective green colours and concluded that, even taking colour into account, the link was weak, and any advantage was slight and not unfair. If the marks are looked at in isolation, I think this was a view the judge was entitled to reach, particularly in light of the difference in wording.

160.

That leaves the case based upon the cumulative effect of the signs. At [186] the judge found that this was not a matter he had to consider because he had already found that the first strapline infringed. In one sense the judge was right. He had found infringement by the first strapline irrespective of the use of the Asda logo so it was unnecessary to consider the effect of the combination upon that particular allegation. But this did not address the further and separate allegation that the use of the Asda logo amounted to an infringement, and that is an issue which I think Specsavers is entitled to have resolved.

161.

For the reasons I have given at [77] to [87] above, I believe that in assessing the likelihood of confusion under Article 9(1)(b), the court must take into account all the circumstances of the allegedly infringing use that are likely to operate in the average consumer's mind in considering the sign and the impression it is likely to make on him. It follows that it is appropriate to consider the cumulative effect of the signs in issue, subject to the requirement explained by this court in *L'Oréal* that the test remains founded upon the mark as registered. In my judgment, the position under Article 9(1)(c) must be the same.

162.

I therefore turn to assess the impact of the cumulative effect argument on the allegation of infringement under Article 9(1)(c). In that regard I should say at the outset that there is no question of Specsavers seeking to take more than the Shaded and Unshaded logo marks into consideration because they all include the word Specsavers.

163.

For a period of about six weeks from the launch date, the first strapline and the Asda logo were used in close association in stores and in on-line promotional materials. The Asda logo also appeared on the recall cards bearing the second strapline. Very many consumers must also have seen the first strapline on roadside billboards and subsequently been exposed to the Asda logo, either in store or on-line. Overall, the large majority of consumers who saw the Asda logo during this period must also have seen one or other strapline and I have no doubt that for such persons the resonance of the Asda logo with Specsavers' Shaded and Unshaded logo marks was considerably enhanced.

164.

In assessing whether the use of the Asda logo has taken unfair advantage of the distinctive character or repute of the Specsavers Shaded and Unshaded logo marks it is of course necessary to carry out a global assessment. So I must also have regard to all relevant circumstances, including the significant reputation attaching to Specsavers' marks, the fact that the goods are identical and the fact that it was Asda's intention to target this campaign at Specsavers and to convey the message that Asda offered good, if not better, value. Taking all these matters into account I am satisfied that the use of the Asda logo (in both its forms) as part of the campaign including the straplines was such as to create a link with Specsavers Shaded and Unshaded logo marks in the mind of the average consumer; that this link did confer an advantage upon Asda; and that this advantage was unfair and without due cause. As in the case of the straplines, the use of the Asda logo permitted Asda to benefit from the power of attraction, reputation and the prestige attaching to Specsavers and its Shaded and Unshaded logo marks and to exploit without paying compensation the marketing efforts which Specsavers has made. I would therefore find infringement of the Shaded and Unshaded logo marks by

the use of the Asda logo (in both its forms) as part of the composite advertising and promotional campaign.

Non use

165.

Asda sought revocation of the Wordless logo mark under Article 50 of the Regulation for non use. In responding to the attack, Specsavers relied on two uses: first, use in connection with a board game called Eyedentity; and second, use of the Shaded logo mark with the word Specsavers across it.

166.

The judge rejected the alleged use of the mark on the Eyedentity board game for evidential reasons. He found the evidence of use too thin. He also considered that use of the mark on a board game did not constitute use in relation to any relevant goods or services.

167.

The second alleged use raised a more substantial issue. It was argued by Specsavers that the use of the Shaded logo mark also constituted use of the Wordless logo mark. The judge did not agree. He considered the matter was governed by Article 15 of the Regulation and concluded that, to the average consumer, the addition of the word Specsavers altered the distinctive character of the Wordless logo mark and accordingly the use of the Shaded logo marks could not be relied upon.

168.

On this appeal, Mr Mellor submitted that the judge fell into error. He argued the judge was wrong to reject the evidence of the use of the Eyedentity board game. Further, he submitted there was ample evidence that the overlapping ovals in the Shaded logo mark had an independent distinctive role and that use of the Shaded logo mark constituted use of the Wordless logo mark too. It was, he said, not a case of the use of a variant at all.

169.

I can deal with Eyedentity very shortly. It seems to have been a game in which players needed to associate logos with brand names. One of the logos was the Wordless logo mark. But the game was not produced; no details were given as to how it was played; and there was no evidence of the extent of its use or when such use began. It was not even pleaded. I am entirely satisfied the judge was entitled to reject this case on the basis that it had simply not been made good on the evidence. It is therefore not necessary to consider the judge's further reason for rejecting it, namely that use in a board game could not constitute use in relation to any relevant goods or services.

170.

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

171.

The judge considered there was no evidence to assist him on the factual issue and so he proceeded to make his own assessment. He thought the average consumer would see the Shaded logo mark as a whole and that the strong impression it creates is of one overall mark to which both the word Specsavers and the overlapping ellipses contribute.

172.

I believe the judge was wrong to say there was no evidence on the factual issue. First, there was evidence of extensive use of the Shaded logo mark. Second, and more importantly, Asda's own internal materials indicate it considered that a device of overlapping ovals would be recognised as denoting or referring to Specsavers. In this regard I have in mind the mock-up produced by Mr Langrish Dixon (referred to at [23] above) which he evidently considered to be in Specsavers' style; the material delivered by Checkland Kindleysides (referred to at [26] above) which was described in an internal Asda note as "Asda version of Specsavers - rip off"; the further mockups produced by Mr Langrish Dixon (referred to at [29] above) which states that a sign comprising overlapping ovals is "highly recognisable"; and the options presented to Mr Bendel (referred to at [35] above) which include, as option 1, a logo comprising overlapping ovals, described internally as "Specsavers Logo". As I have said, it is reasonable to suppose that Asda had an understanding of the nature of the market, the characteristics of the average consumer and other matters affecting how that average consumer would react to the use of its proposed logos and I believe that this material is therefore powerful evidence of how the Shaded logo mark is perceived. Third, there was evidence from Dame Mary Perkins. She explained in cross examination that when she was looking out for a Specsavers shop, the overlapping ovals were the first thing that she or taxi drivers saw and recognised.

173.

That brings me to the legal question. The general approach to be adopted to a consideration of Article 15 of the Regulation was explained by Lord Walker of Gestingthorpe in BUD [2002] EWCA Civ 1534, [2003] RPC 25 at [43]-[45] in considering the s.46(2) of the Trade Marks Act which implements Article 10 of the Directive. Lord Walker said at [43]:

"The first part of the necessary enquiry is, what are the points of difference between the mark as used and the mark as registered? Once those differences have been identified, the second part of the inquiry is, do they alter the distinctive character of the mark as registered?"

174.

This is the approach that the judge followed in this case. But, as I have said, the argument advanced by Mr Mellor is that the judge should never have got to this point because the Wordless logo mark had in fact been used. In support of this argument he relied upon the decision of the Court of Justice in Case C-353/03 Société des Produits Nestlé v Mars UK Ltd [2005] ECR I-6135. This concerned an application by Nestlé to register the mark HAVE A BREAK. This court considered that the expression was devoid of distinctive character and that registration could therefore only be secured upon proof of distinctive character acquired through use. The problem for Nestlé was that the expression had only been used as part of the registered mark HAVE A BREAK ... HAVE A KIT KAT and so this court decided to refer to the Court of Justice a question asking, in substance, whether distinctive character may be acquired in consequence of the use of the mark as part of or in conjunction with another mark. In holding that it could, the Court said at [26]-[30]:

"26. In regard to acquisition of distinctive character through use, the identification, by the relevant class of persons, of the product or service as originating from a given undertaking must be as a result of the use of the mark as a trade mark.

27.

In order for the latter condition, which is at issue in the dispute in the main proceedings, to be satisfied, the mark in respect of which registration is sought need not necessarily have been used independently.

28.

In fact Art.3(3) of the directive contains no restriction in that regard, referring solely to the “use which has been made” of the mark.

29.

The expression “use of the mark as a trade mark” must therefore be understood as referring solely to use of the mark for the purposes of the identification, by the relevant class of persons, of the product or service as originating from a given undertaking.

30.

Yet, such identification, and thus acquisition of distinctive character, may be as a result both of the use, as part of a registered trade mark, of a component thereof and of the use of a separate mark in conjunction with a registered trade mark. In both cases it is sufficient that, in consequence of such use, the relevant class of persons actually perceive the product or service, designated exclusively by the mark applied for, as originating from a given undertaking.”

175.

If use of a component of a mark may serve to confer upon that component a distinctive character such as to justify its registration then, as it seems to me, it is at least arguable it may also serve to constitute use for the purposes of Article 15 of the Regulation. This argument also derives support from these observations of Advocate General Kokott in that same case:

“23. Article 3(3) of Directive 89/104 permits registration of a mark if, following the use made thereof, it has acquired distinctive character. Mars and the Commission infer from this wording that use as an element of another mark may not be invoked as evidence of distinctive character for the purposes of Article 3(3) of Directive 89/104 . This view of the matter does not carry conviction since, as the Irish Government as well observes, use of a mark literally means both its independent use and its use as part of another composite mark.

24. Nor, contrary to the view of the United Kingdom Government, can any other inference be drawn from Art.10 of Directive 89/104. Article 10 et seq. concerns the loss of trademark protection as a result of non-use. A proprietor of a mark can, as a matter of trade mark law, reserve certain signs for his exclusive use only if he actually uses them. Structurally it would surely be wrong to recognise use for the acquisition of distinctive character but not to allow it to suffice in order to prevent the loss of trade-mark protection. Indeed, it is not precluded that use of a mark as part of another mark may also suffice in the context of Article 10. Under Article 10(2)(a) it also constitutes use if the trade mark is used in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered. Use of a sign as part of a principal mark also comes within that definition. That part would indeed be registered not only as a part of the principal mark but also alone without the other elements of the principal mark though use of the principal mark would only differ in elements from the mark registered in respect of the part. Distinctiveness of that part would not be affected if, as a result of such use, it acquired distinctive character prior to its registration.”

176.

Moreover, it is well known that different trade marks are often used together, as the General Court recognised in Case T-29/04 Castellblanch SA v OHIM [2005] ECR II5309. Here an application by Castellblanch to register a figurative sign incorporating the words CRISTAL CASTELLBLANCH was opposed by Louis Roederer on the basis of an earlier registration of the work CRYSTAL which it had only used in conjunction with other trade marks. An issue therefore arose as to whether that earlier

registration was invalid for non use. The Opposition Division and the Board of Appeal held there had been genuine use of the earlier mark, and, upon further appeal, the General Court agreed, holding:

“31. In the present case the applicant submits that it is evident from the proof of use and of repute produced by the intervener that the latter used the earlier mark in a form different to the one under which it was registered. The earlier mark is used for bottles which have on their main and neck labels, in addition to the word ‘cristal’, the denomination ‘Louis Roederer’ several times, as well as a symbol that includes the letters ‘l’ and ‘r’ and some complementary figurative elements which appear several times. According to the applicant, the combination of the word ‘cristal’ with the denomination ‘Louis Roederer’, the letters ‘lr’ and the accompanying figurative elements substantially alters the identity of the earlier mark, especially when account is taken of the strong distinctive character of the words ‘Louis Roederer’, and does not constitute genuine use of the earlier mark CRISTAL. Therefore, the opposition filed by the intervener and, consequently, the contested decision are wholly unfounded.

32.

The Court of First Instance points out, first, following the example of OHIM, that the applicant does not contest the place, time or extent of use of the earlier mark but only the nature of that use.

33.

In the contested decision the Board of Appeal found that there is no precept in the Community trade mark system that obliges the opponent to prove the use of his earlier mark on its own, independently of any other mark. According to the Board of Appeal, the case could arise where two or more trade marks are used jointly and autonomously, with or without the name of the manufacturer's company, as is the case particularly in the context of the automobile and wine industries.

34.

That approach must be followed. The situation is not that the intervener's mark is used under a form different to the one under which it was registered, but that several signs are used simultaneously without altering the distinctive character of the registered sign. As OHIM rightly pointed out, in the context of the labelling of wine products joint affixing of separate marks or indications on the same product, in particular the name of the winery and the name of the product, is a common commercial practice.

35.

In the present case the mark CRISTAL appears clearly four times on the neck of the bottle marketed by the intervener and twice on the main label, accompanied by the symbol (r). On the neck that mark is separate from the other elements. In addition, the mark CRISTAL appears alone on the boxes in which bottles of the mark CRISTAL are marketed. Equally, on the invoices produced by the intervener reference is made to the term ‘cristal’ with the mention ‘1990 coffret’. It should be noted that the mark CRISTAL thus identifies the product marketed by the intervener.

36.

As regards the mention ‘Louis Roederer’ on the main label, it merely indicates the name of the manufacturer's company, which may provide a direct link between one or more product lines and a specific undertaking. The same reasoning applies to the group of letters ‘lr’ which represents the initials of the intervener's name. As pointed out by OHIM, joint use of those elements on the same bottle does not undermine the function of the mark CRISTAL as a means of identifying the products at issue.

37.

Furthermore, OHIM's finding that the use of the word mark together with the geographical indication 'Champagne' cannot be considered to be an addition capable of altering the distinctive character of the trade mark when used for champagne must be endorsed. In the wine sector the consumer is often particularly interested in the precise geographical origin of the product and the identity of the wine producer, since the reputation of such products often depends on whether the wine is produced in a certain geographical region by a certain winery.

38.

In those circumstances it must be held that the use of the word mark CRISTAL together with other indications is irrelevant and that the Board of Appeal did not infringe Art.15(2)(a) of Regulation No 40/94, Article 43(2) and (3) thereof, or Rule 22(2) of the implementing regulation .

177.

On further appeal to the Court of Justice, this point was not considered. So, it may be argued, the Wordless logo mark has been used to identify Specsavers as the source of

the goods and services offered through its stores and it matters not that it has always been used in combination with another other element, namely the word Specsavers.

178.

On the other hand, Castellblanch was a materially different case in one important respect. There the word CRISTAL was used separately from other elements. Here, by contrast, the Wordless logo mark cannot be identified in the Shaded logo mark because the word Specsavers is written across it.

179.

Further, I do not believe the jurisprudence of the General Court and the Court of Justice is entirely consistent. In particular, in Case T-149/03 Il Ponte Finanziaria v OHIM [2006] ECR II-445 the issue arose as to whether use of the mark THE BRIDGE constituted use of the mark BRIDGE. The General Court held at [50]:

"Article 15(2)(a) does not allow the proprietor of a registered trade mark to avoid his obligation to use the mark by relying in his favour on the use of a similar mark covered by a separate registration."

180.

On further appeal, the Court of Justice held in Case C-234/06P Il Ponte Finanziaria v OHIM [2007] ECR I-7333 at [81] - [86]:

"81. Under Article 15(1) of Regulation 40/94 , a trade mark which has not been put to genuine use during the relevant period is subject to the sanctions provided for in that Regulation, unless there are proper reasons for non-use.

82.

Under Article 15(2)(a) of that Regulation, use of the Community trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered also constitutes use within the meaning of Article 15(1) .

83.

Those provision[s] are essentially the same as those in Article 10(1) and (2)(a) of Directive 89/104 to approximate the laws of the Member State relating to trade marks.

84.

In that regard, it must be held that the Court of First Instance did not commit any error of law in disregarding the appellant's argument that use of the trade mark Bridge (no.370836) during the reference period was established by evidence adduced for the purpose of demonstrating use of the trade mark THE BRIDGE (no.642952).

85.

Without it being necessary to examine whether the trade mark THE BRIDGE (no.642952) may be regarded as being different solely by reason of elements which do not alter the distinctive character of the trade mark Bridge (no.370836), it must be stated that use of the former mark has not been established and cannot therefore in any way serve as evidence of use of the latter.

86.

In any event, while it is possible, as a result of the provisions referred to in paragraphs 81 and 82 of the present judgment, to consider a registered trade mark as used where proof is provided of use of that mark in a slightly different form from that in which it was registered, it is not possible to extend, by means of proof of use, the protection enjoyed by a registered trade mark to another registered mark, the use of which has not been established, on the ground that the latter is merely a slight variation on the former."

181.

This reasoning is, I think, very difficult to reconcile with that of the Court of Justice in Nestlé or that of the General Court in Castellblanch. I am therefore satisfied that this is a case in which it is necessary to seek the guidance of the Court of Justice as to the correct approach to be adopted to Article 15 of the Regulation where a trade mark proprietor seeks to establish use of a trade mark on the basis of the use of that mark in conjunction with another element. The questions I would ask are:

A.

Where a trader has separate registrations of Community trade marks for

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

and uses the two together, is such use capable of amounting to use of the graphic device mark for the purposes of Article 15 of Regulation 40/94? If yes, how is the question of use of the graphic mark to be assessed?

B.

Does it make a difference if:

(i)

the word mark is superimposed over the graphic device?

(ii)

the trader also has the combined mark comprising graphic device and word mark registered as a Community trade mark?

C.

Does the answer to A or B depend upon whether the graphic device and the words are perceived by the average consumer as (i) being separate signs; or (ii) each having an independent distinctive role? If so, how?

Wordless logo - infringement

182.

The judge made no finding as to whether, had he not found it must be revoked for non use, the Wordless logo mark would have been infringed. Mr Mellor argued that, if Specsavers is correct and the Wordless logo mark is not revoked, this court must therefore consider whether there has been infringement under Article 9(1)(b) and (c) of the Regulation. He continued that the claim for infringement of this mark must necessarily be even stronger than that for infringement of the Shaded and Unshaded

logo marks because it does not comprise the word Specsavers, a significant point of difference between those logo marks and the Asda logo.

183.

I accept that the claim for infringement of the Wordless logo mark by the use of the Asda logo is, in one sense, stronger than that for infringement of the Shaded and Unshaded logo marks because it does not comprise the word Specsavers. However, for the reasons I have given, this may affect the cumulative effect argument. Overall, the question whether the Wordless logo has been infringed under Article 9(1)(b) or (c) is one on which we have received very little assistance. I would therefore welcome further short written submissions on this issue should it be necessary once the Court of Justice has responded to the questions I would ask on the issue of use.

184.

I do, however, believe that in order to address this issue the assistance of the Court of Justice is also required on the matter I have addressed at [89]-[96] above, namely whether it is permissible to take into account the enhanced reputation enjoyed by Specsavers in the colour green.

185.

I would therefore ask the Court of Justice the following further questions:

D.

Where a Community trade mark is not registered in colour, but the proprietor has used it extensively in a particular colour or combination of colours such that it has become associated in the mind of a significant portion of the public (in a part but not the whole of the Community) with that colour or combination of colours, is the colour or colours in which the defendant uses the sign complained of relevant in the global assessment of (i) likelihood of confusion under Article 9(1)(b) or (ii) unfair advantage under Article 9(1)(c) of Regulation 40/94? If so, how?

E.

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

Conclusion

186.

I would:

i)

allow Specsavers' appeal in respect of the allegation that the second strapline infringed the Word marks and the Shaded and Unshaded logo marks under Article 9(1)(c);

ii)

allow Specsavers' appeal in respect of the allegation that the Asda logo infringed the Shaded and Unshaded logo marks under Article 9(1)(c) when used as part of the composite campaign;

iii)

dismiss Specsavers' appeal in respect of the allegations that the first and second straplines and the Asda logo infringed the Word marks and the Shaded and Unshaded logo marks under Article 9(1)(b);

iv)

dismiss Asda's cross appeal against the finding that the first strapline infringed the Word marks under Article 9(1)(c).

187.

Specsavers' appeal against the order for revocation of the Wordless mark and in respect of the allegation that the Asda logo infringed this mark under Articles 9(1)(b) and 9(1)(c) should be stayed pending a reference to the Court of Justice. The questions the Court should be asked are set out at [181] and [185] above.

Appendix 1 - Specsavers marks

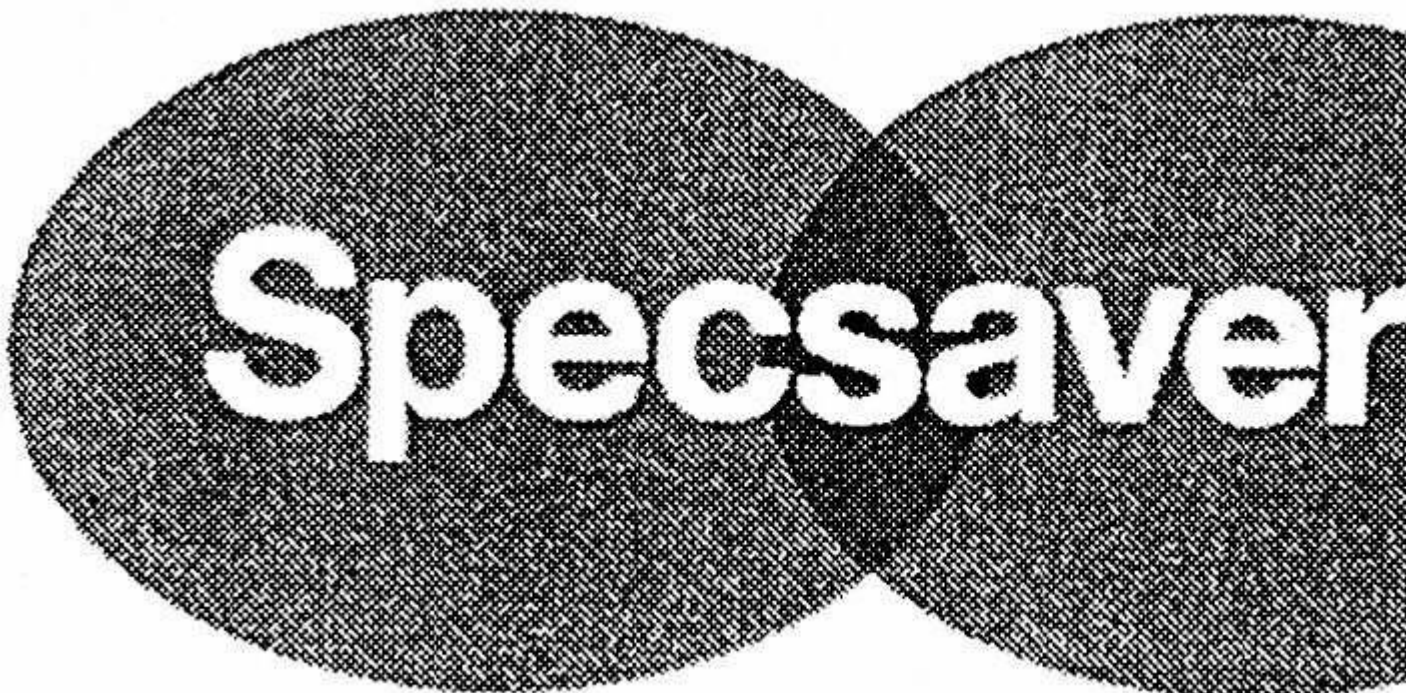
Specsavers Word marks

CTM Nos. 1321298 & 3418928

SPECSAVERS

Specsavers Shaded logo marks

CTM Nos. 449256 & 1321348



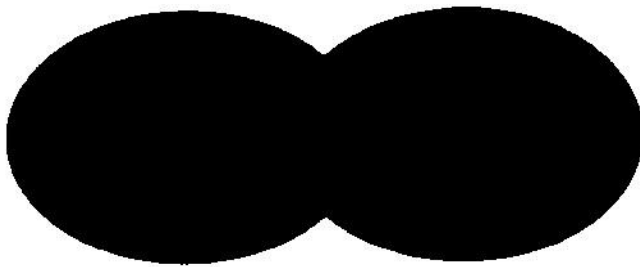
Specsavers Unshaded logo mark

CTM No. 5608385



Specsavers Wordless logo mark

CTM No. 1358589



Appendix 2 - the signs used by Asda

Asda Logo



e.g. (from poster):

One complete price
for single vision glasses
whatever your prescription



Colleague Benefits

Free eye test
10% Discount

Designer Glasses

any 2 for **£81**

(with colleague discount)

Your local Asda Opticians

ASDA

Optician

With colours reversed on the recall card:



The first strapline

"Be a real spec saver at Asda"

e.g. (from billboard):

voucher at Asda.

Kids



When accompanied
with a valid NHS voucher*

The second strapline

“Spec savings at ASDA”

e.g. (from in-store leaflet):

Spec savings at ASDA

Your ASDA Opticians offers you a complete range of services to suit the eyecare needs of you and your family. Our fully qualified Optometrists, Dispensing Opticians and trained Optical Advisors will offer you help and advice with all eye test services and when choosing from our fantastic range of frames, lenses and contacts at great value prices.

Full Eye Test

Regular eye tests are important for more than just identifying whether your vision needs correcting. Your eye test can reveal a number of other underlying problems such as Glaucoma and Diabetes.

Lady Justice Black:

188.

I agree.

The President of the Queen's Bench Division:

189.

I also agree.