

where that is not the case, it is accepted that analysis of the Wordless Mark adds nothing to Lidl's case, owing to the fact that it has never been used on its own in the UK. Accordingly, the reputation in the Wordless Mark (which is key for the purposes of the claim under section 10(3) TMA) derives solely from use of the Mark with Text. Furthermore, if Lidl's claim had failed on unfair advantage or detriment to the reputation of the Mark with Text, then, as Tesco rightly submits, it would also have failed on the Wordless Mark.

195. As things stand, I should simply observe (in case it proves to be important) that I also consider there to be similarity between the Wordless Mark and the CCP Signs. There is plainly similarity between the background to the CCP Signs (i.e. the CCP Background Signifier) and the Wordless Mark and I do not consider that the presence of the additional red ring on the Wordless Mark affects that conclusion. Whilst the word Clubcard is distinctive, I disagree with Tesco that it precludes any perception of similarity in the mind of the average consumer. Indeed I note that Tesco accepts that the absence of the word "Lidl" on the Wordless Mark renders it "more similar to the CCP Signs".
196. My conclusions in respect of the Wordless Mark are in all material respects otherwise the same as those already identified above in respect of the Mark with Text.

THE COUNTERCLAIM: INVALIDITY AND REVOCATION

197. Given my finding of infringement in relation to the Mark with Text, the Counterclaim does not advance Tesco's position – it relates solely to the Wordless Mark which is simply an additional basis of infringement.
198. Nevertheless, I must deal briefly with the arguments as they were advanced on each side.
199. Tesco's counterclaim raises the following issues:
- i) Whether the Wordless Mark has been used in relation to the goods and services for which it is registered;
 - ii) Whether use of the Mark with Text is use of the Wordless Mark in a form that doesn't alter its distinctive character;
 - iii) Whether the Wordless Mark has distinctive character;
 - iv) Whether any of the registrations for the Wordless Mark were filed in bad faith because there was no intention to use it as a trade mark when each was applied for.
200. Before turning to deal with each of these issues, I need first to consider the significance of the YouGov Survey.

intention to use” the Wordless Mark upon a query from the Patent Office. However, given the inference legitimately raised by Tesco’s pleading, I do not see that this is sufficient on its own to establish good faith – as Tesco correctly points out, there is nothing akin to a statement of truth in making the application for the registered trade mark and so this exercise is little more than “bureaucratic box-ticking”.

249. Given that I have been unable to accept any of the points made by Lidl in its Statement of Good Faith, I am bound to find that in the absence of any evidence of the type I have already identified, Lidl has been unable to displace the *prima facie* inference raised by Tesco that, at the time of the 1995 Application, the Wordless Mark was registered in order to use it as a weapon to secure a wider legal monopoly than it was entitled to, with no genuine intention to use it. This is sufficient to amount to bad faith and renders the 1995 Wordless Mark invalid. Furthermore, in my judgment, Lidl has been unable to rebut the inference that later applications appear to have been applying the same policy (in so far as they were applying for an extension of goods and services which went beyond merely reproducing existing protection).

Evergreening and the later Applications

250. Tesco has a second string to its bow – relying in addition on evidence of “evergreening”, which it says supports its main case on bad faith in respect of the 1995 Registration and also operates as an independent attack on the later registrations. In particular, as Arnold LJ observed at [53]:

“...Tesco rely upon the facts (which are actually undisputed) that (i) Lidl have never used the Wordless Mark in the form in which it was registered, (ii) Lidl registered the Wordless Mark in 1995 in order to obtain a wider scope of protection than that conferred by the Mark with Text and (iii) Lidl applied to re-register the Wordless Mark in respect of (partially) duplicative goods and services in 2002, 2005, 2007 and 2021”.

251. Once again, Arnold LJ arrived at the view that Tesco had done enough in its pleading to invite the inference that Lidl intended to avoid sanctions for non-use by re-registering the Wordless Mark (see [56]). He plainly considered that, again, the burden had shifted to Lidl to rebut the charge of evergreening (see for example his rejection of Lidl’s case on EU registrations in [57]). He expressly pointed (at [54]) to the fact that the later registrations (including the 2021 application) duplicate coverage of quite a lot of the goods and services covered by the 1995 registrations, albeit they include some goods and services not covered by the 1995 registrations. As for the 2021 application he noted that it covered “every single Class, something which in and of itself raises questions about Lidl’s filing strategy”.
252. In this context, Lidl drew my attention to the case of *Pelicantravel.com s.r.o v OHIM, Pelikan Vertriebsgesellschaft GmbH & Co KG (intervening)* (Case T-136-11), submitting that the real question is whether there is a commercial rationale for the relevant specifications in the context of the registration as a whole. Whilst paragraphs [46] and [49] of that decision certainly refer to the

Damage

277. I accept that for the reasons I have identified above in the context of the claim for trademark infringement, Lidl has suffered damage by reason of Tesco's misrepresentation; the mechanism by which the harm has been caused is the same. Tesco's main point as to damage concerned the proposition that even if customers were deceived, they would only be deceived into thinking that Tesco's Clubcard Prices are equivalent to Lidl's prices and that, on the available evidence, there is no reason to think this is untrue. However, I have already dealt with, and rejected, this point when dealing with unfair advantage.

COPYRIGHT INFRINGEMENT

278. Lidl's case is that the Second Claimant is the owner of copyright in original artistic works consisting of the Mark with Text and the Wordless Mark (for these purposes referred to as "**the Works**") which has been infringed by Tesco copying a substantial part in the design for the CCP Signs. The age of the Works means that there is no formal record of authorship and ownership, but Lidl relies upon the statutory presumptions in section 104(4) and (5) of the Copyright, Designs and Patents Act 1988 ("**the CDPA**"). Lidl says that the Mark with Text was first published in 1987 (when a trade mark application was filed) and that, accordingly, copyright expires in 2057 pursuant to the provisions of section 12(3)(b) of the CDPA.

279. The agreed issues for trial under this heading are as follows:

- i) Whether copyright subsists in each of (i) the Mark with Text and/or (ii) the Wordless Mark as an artistic work;
- ii) If so, whether copyright in each of the Works is owned by Lidl; and
- iii) Whether Tesco copied the Works or either of them and, if so, whether such copying was in respect of a substantial part.

280. Pausing there, although the Wordless Mark continues to be mentioned in respect of the claim of copyright infringement, Lidl dealt only in its submissions with the Mark with Text and I agree with Tesco that where the Wordless Mark has not in practice been used, other than as a background to the Mark with Text, any copying can only have been in respect of the Mark with Text. There is no suggestion that Tesco has seen the Wordless Mark. Accordingly, I shall approach this aspect of the claim on the assumption that it is really concerned with the Mark with Text.

The subsistence and ownership of Copyright

281. Pursuant to section 1 CDPA, a "copyright work" is a property right which subsists in, amongst other things, "original literary, dramatic, musical or artistic works". Section 4(1)(a) of the CDPA defines "artistic work" as including "a graphic work...irrespective of artistic quality", whilst section 4(2)(a) provides that a "graphic work" includes "any painting, drawing, diagram, map, chart or plan".

282. Copyright only protects works which are original in the sense that they are the author's own creation. The test for originality was considered by the European Court of Justice in *Infopaq International A/S v Danske Dagblades Forening* [2010] F.S.R. 20 (Case C-5/08) at [39]. A work, and its various parts, will be considered original "provided that they contain elements which are the expression of the intellectual creation of the author of the work". This EU test of originality was further elaborated upon in *Cofemel v G-Star Raw* [2020] E.C.D.R. 9 (Case C-683/17) at [29]-[31]:

"29. The concept of "work"...[f]irst...entails that there exist an original subject matter, in the sense of being the author's own intellectual creation. Second, classification as a work is reserved to the elements that are the expression of such creation...

30. As regards the first of those conditions...if a subject matter is to be capable of being regarded as original, it is both necessary and sufficient that the subject matter reflects the personality of its author, as an expression of his free and creative choices...

31. On the other hand, when the realisation of the subject matter has been dictated by technical considerations, rules or other constraints, which have left no room for creative freedom, that subject matter cannot be regarded as possessing the originality required for it to constitute a work..."

283. The court went on at [35] to observe that, where subject matter has the characteristics identified in [30], and therefore constitutes a work, "it must, as such, qualify for copyright protection...and it must be added that the extent of that protection does not depend on the degree of creative freedom exercised by its author, and that that protection is therefore not inferior to that to which any work falling within the scope of that directive is entitled". In other words, the question of protection is a matter of fact and not degree.

284. Whilst Lidl pointed out that the test of originality as identified in the UK authorities has sometimes been described differently, I did not understand Tesco to advance any test other than that set forth in *Infopaq* and *Cofemel*. Indeed, Tesco specifically relied upon the decision of Arnold J in *England & Wales Cricket Board v Tixdaq* [2016] EWHC 575 (Ch) relying upon *Infopaq* at [65]. Further and in any event, I note that *Copinger & Skone James on Copyright* 18th Edition, at 7-51 express the view that it is far from clear that any divergences between UK and EU law will be significant in the general run of cases.

285. Mr Unterhalter's unchallenged evidence is that his enquiries of the corporate archivist for the Schwartz Group (the multi-national retail group that owns Lidl) have uncovered the following information as to the development and creation of the Works:

- i) the stylised Lidl text was designed in around 1972/73;
- ii) around the beginning of the 1980s a circular logo was created in the form of a yellow circle with a red border, with the Lidl stylised text superimposed

on it. In some newspaper adverts of the time (printed in black and white) this was sometimes shown in a grey/black circle instead of yellow/red.

- iii) In the late 1980s a square version of the Lidl logo was created in the form of a blue square with the circular logo and stylised Lidl text superimposed on it forming the Mark with Text. A German trade mark was applied for on 20 November 1987 in relation to the Mark with Text. The earliest record of the Mark with Text being used is a photograph of a Lidl store in France in the late 1980s or very early 1990s.
 - iv) It is likely that the Works were created by employees of Lidl Stiftung who would have been German nationals.
286. It is common ground that the Works are capable of being “artistic works” falling within the category of “graphic works”. However, the parties disagree over whether they are ‘original’. Tesco accepts that the Mark with Text contains a device with a stylised version of the word “Lidl” and that copyright subsisted in this device and was owned by Lidl. However, Tesco rejects the subsistence of copyright in the finished Works which, essentially, Tesco contends were developed over some 20 years in 3 distinct stages, involved negligible additional artistic skill and labour and, in any event, incorporate elements in the form of the blue square and yellow circle created by (it is to be assumed) different authors such that there is no principled basis to consider the skill and labour involved in the design of those elements *per se* together in one copyright work. Thus Tesco says that none of the skill and labour involved in producing the stylised Lidl text logo can be protected by the design of the circle logo and that, similarly, none of the skill and labour involved in producing the stylised text logo or the circle logo can be protected by the addition of the blue square in the Mark with Text logo.
287. I reject Tesco’s case on this score for two main reasons. First, the Mark with Text involves a combination of elements. Tesco conceded in opening that if an act of combination is artistically significant then copyright will protect that artistic combination. This much is clear from *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 WLR 273, a case in which the House of Lords was concerned with betting coupons printed with lists of forthcoming matches and columns of squares on which the punter could indicate his forecast as to the result of each match. In dismissing an argument that the coupons needed to be “dissected” into separate parts with a view to determining the subsistence of copyright, Lord Reid said this (at 277):

“A wrong result can easily be reached if one begins by dissecting the plaintiffs’ work and asking, could section A be the subject of copyright if it stood by itself, could section B be protected if it stood by itself, and so on. To my mind, it does not follow that, because the fragments taken separately would not be copyright, therefore the whole cannot be. Indeed, it has often been recognised that if sufficient skill and judgment have been exercised in devising the arrangements of the whole work, that can be an important or even decisive element in deciding whether the work as a whole is protected by copyright.”

288. In my judgment, the act of bringing together the Lidl text with the yellow circle and the blue background was an act which involved skill and labour – the combination of colours and shapes and the orientation of the various elements. Tesco’s real complaint, as I pointed out in opening, appears to be that the combination consists of insufficient skill and labour because it is too simple. However, as to that, my second reason for rejecting Tesco’s argument is that simplicity of design and/or a low level of artistic quality does not preclude originality (see *Karo Step Trade Mark* [1977] R.P.C. 255 per Whitford J at page 273 and *IPC Magazines v MGN* [1998] FSR 431 per Richard McCombe QC at 438). Tesco referred me to *Solar Thomson Engineering Co Ltd v Barton* [1977] R.P.C 537, a case in which the Court of Appeal was concerned (amongst other things) with whether copyright could subsist in a drawing involving three concentric circles. However, as Buckley LJ made clear, it was not necessary to decide the point in that case, which was concerned with the plane view on a drawing of an industrial design and not with a combination of elements from elsewhere. I do not consider it to take matters further.
289. Someone in the employ of Lidl took the Lidl text and the yellow circle with the red border and superimposed them on a blue background to create the Mark with Text. On balance, I consider that this is likely to have involved time, labour and creative freedom (even if the artistic quality involved is not “high”). Tesco’s own evidence as to the various combinations of apparently basic shapes and colours considered by its own designers in arriving at a decision as to the CCP Signs tends, in my judgment, to bear this out.
290. That the shapes involved are (as Tesco described them) “kindergarten shapes” does not appear to me to affect the analysis and nor does Tesco’s reference in closing to *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] 1 WLR 2416. In that case, which was concerned with whether the defendant had infringed the artwork used in a complex fabric design involving stripes and flowers, Lord Hoffmann observed at page 2423 that “[o]riginality, in the sense of contribution of the author’s skill and labour, tends to lie in the detail with which the basic idea is presented”. Whilst Lord Hoffmann’s observation was plainly apposite in the factual context with which he was concerned, I do not consider that it rules out the potential for copyright to subsist in a combination of (simple) shapes and text. Ultimately the litmus test must be whether the Mark with Text involves the exercise of intellectual creation involving the expression of free choice. In my judgment, it does.
291. Accordingly, I find that the Mark with Text, by its combination of text, colours and shapes, has the originality required by the statute. Furthermore, absent any positive case to the contrary from Tesco, I find that the Mark with Text qualifies for copyright protection in the United Kingdom and that (pursuant to section 104 CDPA) it is to be presumed that Lidl are the owners. In this context I accept that Mr Unterhalter’s “Author Search” was both reasonable and comprehensive. I note that the circumstances of publication (involving registration of a logo) are consistent with ownership and that there has never been any challenge to Lidl’s ownership.

Did Tesco copy the Mark with Text and, if so, was that copying in relation to a substantial part?

The Law

292. Section 16(1) CDPA provides that the owner of the copyright in a work has the exclusive right in the United Kingdom (a) to copy the work, including by reproducing the work in any material form (see section 17(1) CDPA); and (b) to issue copies of the work to the public, including by putting into circulation copies not previously put into circulation in the United Kingdom (see section 18(2) CDPA). It is Lidl's case that Tesco has infringed copyright in the Mark with Text by reason of its use of the CCP Signs, which it is alleged involves a reproduction of the Mark with Text or a substantial part of it.
293. Alternatively, Lidl alleges infringement of copyright pursuant to section 23 CDPA, which provides that copyright in a work is infringed if, without the licence of the copyright owner, a person "possesses", "exhibits" or "distributes" in the course of a business "an article which he knows or has reason to believe is an infringing copy of the work".
294. The entitlement of the copyright owner to stop acts of infringement is not limited to the copying of the entire work, but also extends to "any substantial part" of the work, whether "directly or indirectly" and "it is immaterial whether any intervening acts themselves infringe copyright" (section 16(3) CDPA). In *ATB Sales v Rich Energy & Ors* [2019] EWHC 1207 (IPEC), HHJ Melissa Clarke (sitting as a Judge of the High Court) said this:

"14. ...when considering whether a 'substantial part' of a copyright work has been taken for the purposes of section 16(3) CDPA 88, what matters is the extent to which that part contains elements which express the intellectual creation of the author. If it contains elements which express the intellectual creation of the author, then it is a substantial part. If it does not, it is not.

15. It is common ground that an essential part of proving copying is an unbroken causal connection between the original work and the infringing copy. That causal connection can be either direct or indirect pursuant to section 16(3)(b) CDPA 88. A prima facie case of copying may arise if there is substantial similarity and proof of access to the original work by the alleged infringers. In the leading authority *Designers Guild v Russell Williams Textiles* [2000] 1 WLR 2416 at 2425, Lord Millet expressed the court's task as follows:

'The first step in an action for infringement of artistic copyright is to identify those features of the defendant's design which the plaintiff alleges have been copied from the copyright work. The court undertakes a visual comparison of the two designs, noting the similarities and differences. The purpose of the examination is not to see whether the overall appearance of the

two designs is similar, but to judge whether the particular similarities relied on are sufficiently close, numerous or extensive to be more likely to be the result of copying than coincidence. It is at this stage that similarities may be disregarded because they are commonplace, unoriginal or consist of general ideas. If the plaintiff demonstrates sufficient similarity, not in the works as a whole but in the features which he alleges have been copied, and establishes that the defendant had prior access to the copyright work, the burden passes to the defendant to satisfy the judge that, despite the similarities, they did not result from copying. Even at this stage, therefore, the inquiry is directed to the similarities rather than the differences. This is not to say that the differences are unimportant. They may indicate an independent source and so rebut any inference of copying.”

See also *SAS Institute Inc v World Programming Ltd* [2013] EWCA Civ 1482, per Lewison LJ at [38].

295. What is substantial is a question to be answered qualitatively rather than quantitatively. The ‘part’ which is regarded as substantial can be a feature or combination of features of the work, abstracted from it rather than forming a discrete part (see *Designers Guild* per Lord Hoffmann at page 2422H).
296. An example of infringing indirect reproduction occurred in *Solar Thompson Engineering* where the defendant provided clear verbal instructions to an external consultant designer to inform the design process and then selected one of two drawings produced by the designer which was most similar to the copyright work. Buckley LJ held that in light of the instructions given to the designer it could not have been a coincidence that one of his drawings bore a strong resemblance to the plaintiff’s design. Buckley LJ said this at page 560:

“It must in my judgment be regarded as a reproduction of the plaintiff’s sectional drawing, the instructions given by the defendant to the designer affording a sufficient causal link to eliminate mere coincidence and to give the designer’s version the quality of an indirect reproduction of the sectional drawing. So the defendant will not in my judgment escape from the charge of infringement by making use of the independent designer’s design”.
297. The shifting burden of proof referred to in *ATB Sales* is a function of the fact that there will rarely be direct evidence of copying (which will usually be done in secret and vehemently denied). Accordingly a close similarity between the claimant’s design and the alleged infringing article together with the opportunity for the alleged copier to have access to the claimant’s design or work “raises an inference of copying” (see *A. Fulton Company v Grant Barnett* [2001] R.P.C 16 at [95] per Park J). A similar point was made in the House of Lords in *King Features Syndicate Inc v O and M Kleeman Ltd* [1941] AC 417 at 436 (per Lord Wright):

“Here the only evidence of actual copying, direct or indirect, is similarity with regard to the figure, which is a substantial part of the sketch, between the copyright work and the alleged infringement. I think, however, that, where there is substantial similarity, that similarity is prima facie evidence of copying which the party charged may refute by evidence that, notwithstanding the similarity, there was no copying but independent creation.”

298. However, ultimately the court must weigh up all the evidence. In *Michael Mitchell v British Broadcasting Corporation* [2011] EWPC 42 at [25], HHJ Birss QC, as he then was, said this at [25]:

“Speaking entirely generally, it seems to me that the more strikingly similar two works may be, the more likely the proposition may seem that there has been copying, and that will mean that one may expect even more cogent evidence to rebut such a case than one might expect in a different case in which the similarities are less striking. It can only ever be a matter for weighing up the evidence.”

Applying the law to the facts

299. It is common ground that Tesco was well aware of, and had access to, Lidl’s Marks. A visual comparison of the CCP Signs and the Mark with Text indicates that the similarities (the blue background with the yellow circle superimposed on it) are sufficiently close that they are more likely to be the result of copying than mere coincidence – I refer back to my analysis in the context of similarity and link under the heading of trademark infringement. In my judgment (considering the question quantitatively rather than qualitatively) the blue background with the yellow circle plainly forms a substantial part of the Mark with Text. In the circumstances, I agree with Lidl that it is for Tesco to provide an explanation for that similarity.
300. In its original Defence to Lidl’s claim, Tesco entered a non-admission in respect of the allegation that it had copied the Lidl Marks. However, by way of a later amendment, Tesco pleaded that “the Clubcard Prices Signifiers were independently designed by Tesco employees, as set out in the witness statements of [Mr Threadkell] and [Ms McEttrick]” and that “Mr Threadkell and his team subsequently set out to create a Clubcard Prices ‘signifier’, utilising existing components from the Tesco Master brand guidelines document and the value toolkit”. Although the external consultants Sherlock were mentioned in this pleading, there was no reference to Wolff Olins.
301. In fact, Ms McEttrick’s statement made clear that she had not been involved in the design of the CCP Signs and so the only witness called by Tesco at the trial to give evidence as to the independence of its design of the CCP Signs was Mr Threadkell. He denied copying, saying this:

“At no point during the design process of the Clubcard signifier did I have, nor as far as I am aware did any of my team have, any intention to copy the Lidl logo. Nor was any such idea suggested to the design agency, Sherlock.”

302. Consistent with Tesco's pleading, Mr Threadkell's statement gave the clear impression that the work on the CCP Sign had been carried out by his team at Tesco ("My team and I were looking to create a 'signifier'; "My team provided the brief and the ideas"; "Because my team worked informally, we didn't keep written records of the discussions we were having between ourselves"; "Amongst the designs produced by my team were..."). Although his statement referred, on occasions, to the involvement of external design agencies in the form of both Sherlock and Wolff Olins, the overarching impression was that the impetus for the design of the CCP Signs came from Mr Threadkell and his internal team.
303. However, during cross examination it became clear that this was an inaccurate and incomplete picture. The following passage illustrates the problem:

"Q. Now let us go through those paragraphs in the order that you discuss them in your statement. The first one of those is at paragraph 36...You say it..."One ultimately aborted project was a potential price-cut message, and we produced a number of potential designs for use with such a message." So we understand from this that it is something your team is doing, and these are designs that you produced in that time; yes?

A. Yes. When we see "My team", my team in combination with our agency partners.

Q. I am sorry, where does it say that? Is that part of the clarification you are now giving the court? Should it read, "In parallel to the Clubcard Prices signifier, but unrelated to it, my team and other external bodies I have not named were working on several value related products at the same time"? Is that what it should say?

A. Yes, possibly.

Q. Not yes possibly, what is your evidence? What do you tell the court? This is what you recall you told me. What do you recall?

A. We work in partnership with agencies on this type of design work.

...

MRS. JUSTICE JOANNA SMITH: Mr. Threadkell, whenever you refer to "my team" in your statement, should I read that as including your external partners, or is it not as simple as that?

A. It is not exclusively, **but the creation of designs will predominantly be through external partners**" (emphasis added).

304. Unfortunately, despite confirming at the outset of his evidence that he was able to recall what had happened, it quickly became apparent that, in addition to the misleading impression provided by his written evidence, Mr Threadkell was not always clear about who had done what on any particular project, including who had been responsible for the creation of specific documents.

305. In the circumstances, as I have already intimated, it is necessary to look very closely at the available documents to try to obtain an understanding of the development of the design for the CCP Signs. Before doing so, I observe that although Lidl addressed me in detail on this subject in their written closing submissions, Tesco provided no analysis of the evidence whatsoever, preferring to focus primarily on the submission (at least in its written closing) that Lidl is “profoundly misconceived” to suggest that it is “inherently unlikely that anyone might have independently derived a design consisting of a yellow circle within a blue square”, and pointing to the national flag of Palau by way of example. In other words, Tesco’s written submissions boiled down to the point (apparently without reference to any evidence) that the similarities between the Mark with Text and the CCP Signs are purely coincidental.
306. In my judgment that is a somewhat startling submission to make at the end of a trial in which Tesco has sought to advance a positive case on the basis of evidence of independent design. To my mind it suggests a lack of confidence (with good reason) in the weight that can be attached to that evidence. In oral closing, Mr Cuddigan sought to take me through various documents, denying that the burden had shifted to Tesco and asserting that, for various reasons, the proposition that Wolff Olins had copied Lidl’s Logo was “absurd” and that the documents speak for themselves. However, he was forced to concede that Mr Threadkell’s evidence was inaccurate and that there is an “evidential gap”. I am also mindful that I must treat his interpretation of the documents (without any corroborative evidence) with caution.
307. I make three additional preliminary points:
- i) First, I agree with Lidl that Mr Threadkell’s written evidence reflects neither the documents, nor his oral evidence. I have already identified that he failed to acknowledge the role of Wolff Olins (despite it being clear on the documents) and that he advanced a justification for the development of the design of the CCP Background Signifier which fell apart under cross examination. Specifically, he suggested that the CCP Background Signifier was consistent with the Tesco Master Brand guidelines and value toolkit. However this was plainly erroneous: the use of the circle was expressly contrary to those documents, which confined use of a roundel to “packaging”. Upon this being pointed out to him, Mr Threadkell tried to suggest that in fact he intended to change the guidelines, but this was not borne out by the documents and, indeed, the available evidence establishes that the CCP Background Signifier was regarded as “different” from the standard designs. In all the circumstances, I am also in agreement with Lidl that this “justification” appears to have been nothing more than an after the event reconstruction by Mr Threadkell designed to strengthen his evidence about design choices. Ms McEtrick qualified her written evidence by admitting that her reference to use of a circle in the context of the content of the Master Brand guidelines was itself “an after the event justification”, just as she candidly accepted that there was no inevitability in the use of the background colour blue.
 - ii) Second, for reasons which will become clear from my analysis of the evidence, I consider that this is an appropriate case in which to draw an

adverse inference from the failure on the part of Tesco to call anyone from Wolff Olins to give evidence. Mr Threadkell's evidence was that Tesco is still working with Wolff Olins. However, he said that he had not asked them personally whether they could give evidence at the trial and nor had he suggested to Tesco's lawyers that they should be contacted. Given the extent of their involvement (which is plain on the face of the contemporaneous documents), I consider this to be extremely surprising and, indeed, Mr Cuddigan was unable to provide any sensible explanation for the omission in closing. Had a designer from Wolff Olins been called to give evidence, I can only infer that such evidence would have been adverse to Tesco's case on the development of the design of the CCP signifier.

- iii) Third, and in any event, I do not consider that Mr Threadkell's evidence is capable of discharging the evidential burden that lies with Tesco of satisfying the court that the design for the CCP Signs was an independent creation. An important question seems to me to be why (after Tesco says it took so much trouble in getting its story straight – a point to which I shall return in a moment) Mr Threadkell in fact gave inaccurate evidence which appears to have been designed only to obscure Wolff Olins' involvement. Mr Cuddigan's valiant attempts in oral closings to point to what Wolff Olins must have been doing or thinking when creating their designs (together with the contribution that Tesco must have made) do not begin to answer that question, just as they are no substitute for evidence from Wolff Olins itself. Against that background and weighing up all of the available evidence, as I must do, I arrive at the view that the Lidl Mark with Text was copied by Wolff Olins as part of their exploratory work commissioned by Tesco and thereafter adopted by Tesco.

308. The rationale for these points is to be found in my analysis of the evidence. Doing the best I can with the morass of Powerpoint presentations to which I was referred and weighing those in the balance together with all of the other available evidence, I find that:

- i) In 2016, as Mr Threadkell says in his statement and as is confirmed by Ms McEttrick, he was given a brief to evolve the Tesco Master Brand through a simplification process. This was to involve a redefinition of Tesco's existing brand assets and it culminated in the production of a Master Brand document in late 2016 (in respect of which no copy has been produced). A version of the same document dated July 2017 shows that the Master Brand comprises the Tesco logo (in the form of red text sitting on a blue dotted line against a white background), the proprietary Tesco typeface Tesco modern (in blue), Tesco primary (in blue white and red), the acceptable shapes for communications (squares, circles and the "ping"), together with roles for key colours, guidelines for tone of voice and the Brand architecture. Ms McEttrick explained that "the Master Brand is important in order to achieve a coherent and consistent way for customers to get what they need from Tesco", including by the use of colour.
- ii) At or around the same time, Tesco commissioned Wolff Olins to carry out an exploratory piece of work on its behalf in relation to the Master Brand

project (this is referred to by Ms McEttrick in her evidence and is clear from a Powerpoint presentation prepared by Wolff Olins and dated 13 December 2016). Wolff Olins had been involved in completing an initial value brand guideline in 2016 incorporating various proposed designs including a yellow circle on a blue background.

- iii) The December 2016 Wolff Olins presentation proposes various design options for conveying a “value message”, including a “ping” shape in yellow on a blue background¹⁸. It appears to have been part of the preparation for a subsequent Wolff Olins presentation to Tesco in the form of a further Powerpoint presentation entitled “Value proposition and creative execution UKCP” and dated 17 January 2017, clearly designed to consider how to communicate value in a consistent way throughout Tesco’s stores. The presentation (which, contrary to Mr Threadkell’s evidence was plainly not “created by me and my team” in the sense originally advanced in his statement) referred to the approach of Tesco’s competitors to the issue of price, identifying Lidl as “emotive” by reference to its slogan “Big on Quality, Lidl on price”. It went on to recommend that yellow was a recognisable “value” colour and that blue was the “brand speaking”. One “simplified approach” that it recommended was a yellow “ping” on a blue background tile with the words “Big on Little Prices” – an approach which was then mocked up in photos of generic instore promotions.
- iv) I accept Lidl’s submission that Tesco commissioned this presentation but that Wolff Olins produced the designs pursuant to that commission. Their copyright notice appears on the documents. There are no contemporaneous documents from Tesco to Wolff Olins providing initial ideas or sketches of the sort one might expect to see if there was collaboration over the designs. Lidl also submits that the slogan “Big on Little prices” is a clear play on Lidl’s slogan “Big on Quality, Lidl on price”. This was denied by Mr Threadkell who suggested that “Big on Little prices” was a play on the Tesco slogan “Every Little Helps”. However, in circumstances where Mr Threadkell was not responsible for this presentation, I cannot accept his evidence about that, which amounts to nothing more than speculation. Looking carefully at the presentation as a whole, I agree with Lidl that Wolff Olins appear to have been exploring how Tesco could be emotive about price by reformulating the Lidl slogan on to a similar colour scheme to that in fact used by Lidl. I also infer that the exercise of looking at how to convey value with reference to competitor branding reflected instructions given to Wolff Olins by Tesco. Indeed, whilst denying any intention on the part of Tesco to capitalise on inferences drawn from looking at competitors, Ms McEttrick herself confirmed that where the UK grocery market uses a finite number of colours to indicate value in different ways “it is prudent to understand what is really cutting through in terms of helping customers find the best value by looking at the competition”.
- v) In a value communications toolkit dated July 2018 (which Mr Threadkell again suggested had been created by “my team and I”, but which is clearly

¹⁸ A “ping” shape being effectively an upside down teardrop shape, or balloon.

marked with the Wolff Olins copyright notice), guidance for subsequent design work was set out. This included an asset library which identified the blue tile as “new” and yellow “packaging roundels”. The “ping” shape had, by this stage, been abandoned.

- vi) In 2019, Tesco developed a strategic plan designed to improve its value perception. Internal Tesco documents confirm that Tesco was targeting “the discounters”, i.e. Aldi and Lidl, with a view to stopping their growth. Tesco was determined “to challenge in the market against Aldi/Lidl by providing headline value on key items where it matters most to consumers” and to “[r]educe switching losses to Aldi, Lidl and Bargain Stores”. This strategy saw an integrated response of which Clubcard Prices was a part.
- vii) The brief for the CCP background design was provided to Mr Threadkell in March 2019¹⁹ in the form of a Powerpoint presentation. The “Considerations” identified in the brief included a query as to whether yellow should be used: “Should yellow be used for the value elements (ie value tile mechanic? As that is in the guidelines – please explore blue and yellow options”.
- viii) Mr Threadkell asked his team to speak to Sherlock and provide them with information including asking them to consider the use of blue and yellow, whether alone or in combination. The incumbent Clubcard marketing agency, Havas Helia, was also asked to consider possible designs. However, Mr Threadkell did not consider the resulting proposals from either external designer to be useful.
- ix) On 7 June 2019, Tesco provided a briefing to Wolff Olins in the form of a power point presentation entitled simply “Value”. The briefing explained that value was key and that the “key objective [was] to win back the Wicks”. It identified Tesco’s “existing toolkit” and noted a need to “enhance communication that the toolkit does not currently cover”. The design brief provided made clear that Wolff Olins was to “develop a design recommendation” and “update the value toolkit”. Amongst other things, this involved instructing Wolff Olins to look at what Tesco’s competitors were doing and to “compare Tesco and competitors” (accepted by Mr Threadkell as an exercise that would “inform [the] design approach”), together with revisiting work previously done (Mr Threadkell accepted in his evidence that this would have included Wolff Olins’ earlier work). An objective of the analysis of competitor advertising was to identify “implicit associations”. The briefing explained the concentration on the Wicks because “they constitute our largest share losses as they switch to Aldi, Lidl and more recently Asda”. Although Mr Threadkell’s evidence was that this design brief was focused on a value related project separate from the development of the Clubcard Prices signifier, it is also clear that Tesco was viewing the Clubcard Prices promotion as part of its overall approach to value – as Mr Threadkell admitted “the portfolio of work is interrelated”.

¹⁹ “Clubcard member pricing; Visual identity and toolkit”

- x) Also in June 2019, Wolff Olins was provided with a “Synthesis of Insight” by Ms Webb’s Insight Team. Mr Threadkell accepted that this was part of the work foreshadowed in the briefing to Wolff Olins. The clear message from this was that Tesco’s competitors, including Lidl, had a significantly better value perception and that Tesco may not be able to advertise its way out of the problem because Aldi and Lidl had changed people’s “price anchors”. A Tesco Powerpoint presentation entitled “Clubcard Prices” dated July 2019 outlines the desire to “change the value perception of Tesco from X to Y and get x customers shopping more of Tesco more often”.
- xi) Another discussion document created at around the same time internally by Tesco considered the issue of Value Strategy, looking specifically at ‘value’ audits carried out in relation to Tesco’s competitors, including Lidl, designed to determine how these competitors communicate value. In closing, Tesco was right to point out that the focus in this document on Lidl was on the use of the colour orange, but it was, in my judgment, wrong to say that this dispels any possibility of copying. There is no evidence that this document was even provided to Wolff Olins for the purposes of its designs.
- xii) I accept Lidl’s submission that the drawing of implicit associations with competitors may be a key part of the design process, as indeed was accepted by Mr Threadkell:

“Q...You want to understand what the associations are, you want to measure how they work, and that is going to inform your design approach. That is what Wolff Olins is being told, right?”

A. Yes.”

In the absence of any witness from Wolff Olins, I draw the reasonable inference (supported by the evidence to which I have already referred) that, as instructed, Wolff Olins did just that. Mr Threadkell denied that Tesco wished to “exploit” any implicit associations with competitors, but of course his evidence does not address the approach of the design team at Wolff Olins, given the instructions they had received.

- xiii) On or about 2 July 2019, Wolff Olins provided Tesco with a presentation entitled “Tesco Brand Expression: Value price cut exploration” which identified various proposed designs including (at “price cut v1”) a blue tile with a yellow circle; the ping was no longer in use. The slide showing this design then appears to have been incorporated on or about the same time into a Tesco presentation entitled “Value – price cut update”. A recommendation was included in the Tesco presentation that “this copy” should not be used in the “Value” natural working team because it was being checked by legal. In his witness statement, Mr Threadkell stated that this design (which he acknowledged was “virtually identical to the Clubcard Prices signifier”) had been “produced by my team”. This was plainly incorrect (as he accepted in cross examination), although he continued to maintain that it had been produced by Wolff Olins “in

partnership with Tesco”. However, that was nowhere evidenced in his statement and, on balance, close analysis of the documents indicates that the design was created by Wolff Olins (as the copyright notice indicates and the “Agency Creative Brief” in the same presentation suggests). Tesco appears to have done no more than add the words.

- xiv) For the sake of completeness, I reject Mr Threadkell’s evidence in his statement that Wolff Olins played no material part in the design of the signifier for the Clubcard Prices, which does not appear to me to be consistent with the contemporaneous evidence.
- xv) Pausing here for a moment, I observe that Mr Threadkell’s evidence in his statement to the effect that the development of the Clubcard Prices Signifier was “wholly independent of any thoughts about Lidl. I am not aware that anyone else involved in the project had Lidl in mind at any stage of this design work” also appears to me to be demonstrably wrong. As soon as the involvement of Wolff Olins is appreciated, it is impossible to accept this evidence. There was repeated reference to Lidl in the design briefs to Wolff Olins, the Insight team research provided for Wolff Olins’ benefit and, as I have already found, Wolff Olins appear to have had Lidl directly in mind in reformulating the Lidl slogan and using it on a yellow and blue background similar to that of the Lidl Logo (albeit initially using a ‘ping’ shape, later changed to a circle).
- xvi) Mr Threadkell’s evidence in his statement is that the design identified in the 2 July 2019 presentation (i.e. the yellow disc on the blue background) “stuck in his mind” at the time. Indeed, his response in cross examination to the proposition that “the Wolff Olins design signifier that you say is virtually identical to the Clubcard Prices Signifier becomes the Clubcard Signifier” was not to deny it, but simply to accept that “this is early exploratory work” which ended up in its finished form “through editing and finalising” – evidence which was wholly inconsistent with the impression conveyed by his written statement.
- xvii) The CCP Background Signifier appears to have been adopted at or shortly after an (undocumented) meeting on about 28 November 2019. Although Sherlock had by this stage provided designs for the CCP Background Signifier which used the colour red, these were not chosen and Mr Threadkell’s explanation was that he did not wish to use the colour red which was being used for the Aldi Price Match. It appears that, consistent with his internal email dated 28 November 2019, Mr Threadkell was keen to focus on “the strategic intent of all the value: price shouts we can discuss”. To my mind this echoes Tesco’s objective of improving its value perception, something which Wolff Olins had plainly been briefed to achieve.
- xviii) Finally, Lidl points out, and I accept that there does appear to have been a design available that was consistent with the Master Brand guidelines and the value toolkit, that did not clash with the red of the Aldi Price Match and that performed well in consumer testing – namely the yellow tile tested by The Source as Option 2 and identified as representing a good ‘safe’ option

and offering “familiarity and clarity”. Yet, despite the evidence in his statement that he “felt there was a lot of sense in sticking with what was known (so as not to confuse customers) and proven to work”, Mr Threadkell did not choose this option. Instead, Tesco chose Option 4 identified by The Source as the design that Tesco should choose if they really wanted customers to notice/call out a different message. Indeed the evidence is that this choice was made before The Source Survey was commissioned. In my judgment, this decision required a proper explanation from Tesco (which did not try to justify the choice by reference to consistency with existing Brand Guidelines), but any such explanation was absent from the evidence.

309. Drawing the threads of this evidence together, and always bearing in mind that copyists are most unlikely ever to admit copying, I accept Lidl’s case that Mr Threadkell’s evidence appears to have been designed to obscure the involvement of Wolff Olins and so to distract from Wolff Olins’ obvious focus on producing a design which would signal value by (amongst other things) looking to how this was achieved by Tesco’s competitors, including Lidl. I find that Wolff Olins copied the background to the Lidl Logo as part of its exploratory work (and as a natural consequence of the brief provided to it by Tesco) and that Tesco adopted that copy as the basis for the CCP Background Signifier, regarding it, for reasons which remain unexplained, as “non-negotiable”.
310. I am fortified in my conclusions by the following additional features of the litigation, to which Lidl drew my attention in closing:
- i) First, Tesco’s position as to the origin of the design has changed over time. In a letter dated 18 October 2021, Tesco’s solicitors set out their instructions to the effect that “the Clubcard Prices logo design was created by an external design agency” – instructions which are entirely consistent with the position following the cross examination of Mr Threadkell, but inconsistent with his witness statement. The letter also acknowledged that the Clubcard Prices project had been known by various project names, including “Simple Great Value Plan” and “Value Proposition”. This also appears consistent with the evidence as I have identified it above. However, only a few days later on 25 October 2021, Tesco’s solicitors sought to correct this information, saying that (although an agency had assisted with the whole project), in fact, “the Clubcard Prices logo was designed in-house, rather than by an agency...The first iteration of a blue square with a yellow circle was on a slide deck, **produced by our clients**, dated 29 November 2019” (**emphasis added**). This information was incorrect.
 - ii) Second, Tesco’s pleaded case has changed, from its initial non-admission of copying to its subsequent positive case of independent design. This was explained by Mr Cuddigan in opening as being a function of needing “to get our story right before we committed it to print”. I agree with Lidl that the explanation given suggests strongly that Tesco knew it was going to deny copying but chose nevertheless to enter a non-admission, which would appear to amount to a breach of CPR 16.5. In any event, I note that it appears that Tesco’s “story” as presented at trial was full of holes.

311. Of course, ultimately, these changes of position would probably not have mattered if Mr Threadkell's evidence had come up to proof. However, in circumstances where it manifestly failed so to do, I consider them to be indicative of a defendant casting around for a defence, which ultimately (as I have held) it could not sustain on the documents. It was within Tesco's power to call evidence to explain the documents and to support its case on independent design. It could have called a designer from Wolff Olins, or other members of Mr Threadkell's (six strong) internal design team, but it chose not to do so.
312. In his closing submissions, Mr Cuddigan submitted forcefully that absent any intention on the part of Tesco for the CCP Signs to call to mind Lidl there can be no motivation to copy. Copying would run directly contrary to a finding (consistent with Ms McEttrick's evidence) that Tesco had sought to avoid any association with Lidl. Mr Cuddigan suggested that, in the circumstances, Lidl was really seeking to establish the existence of a conspiracy, the basis for which had not been put to the witnesses.
313. This submission gave me pause for thought. However, this is not a case where the position on copying is marginal on the evidence and ultimately, I consider that the copying was a function of the strong desire on the part of Tesco (as evidenced in its internal documents) to stop the switching away of financially squeezed customers looking for EDLPs and to convey the message of "value", a message which Lidl's Logo already conveyed so effectively. I note that this is in fact entirely consistent with the analysis at paragraphs 175-176 above.
314. I do not doubt that, as Ms McEttrick said, Tesco did not want its customers mistaking its advertising for that of Lidl, just as it did not want to do anything which might tarnish its Clubcard brand; I also do not doubt that despite internal disquiet, Tesco ultimately convinced itself that the CCP Signs would involve no misattribution to Lidl. This seems to have been because Tesco considered its Clubcard brand to be so strong that the reference to "Clubcard" on the CCP Signs would immediately dispel any issues that there might otherwise have been. However, looking closely at the evidence, Tesco provided instructions to Wolff Olins which plainly invited them to focus on achieving a perception of value and, amongst other things, to look at how Lidl (amongst other "discounter" competitors) went about doing this. Wolff Olins produced a design which Tesco's employees immediately appreciated was likely to cause confusion with Lidl, but Tesco went ahead with the Clubcard Prices promotion in any event.
315. In my judgment, none of these facts is inconsistent with copying with a view to enhancing the value perception of Tesco's own Clubcard Prices offering by adopting a get up, in the form of a blue background and yellow circle, which already had a proven association with a strong value proposition (i.e. the Lidl Logo) in the minds of consumers. I find that is what occurred. Put another way, the fact that there was no deliberate intention positively to evoke Lidl does not mean that the design was not copied with the focus being on the message that a blue and yellow background would convey for the Clubcard campaign.

CONCLUSION

316. In summary, I find for Lidl on its claims of trademark infringement in respect of the Mark with Text, passing off and copyright infringement. I find in favour of Tesco on its Counterclaim of bad faith in respect of the Wordless Mark.
317. I now invite the parties to liaise over the terms of the Order. In so far as any consequential matters arising out of this judgment cannot be agreed, they will be dealt with at a hearing to be listed in due course.