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Case Nos: CA-2023-001115/001117/001290

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

Mrs Justice Joanna Smith

[2023] EWHC 783 (Ch) and [2023] EWHC 1517 (Ch)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 19 March 2024

Before :

LORD JUSTICE LEWISON

LORD JUSTICE ARNOLD

and

LORD JUSTICE BIRSS

Between :

(1) LIDL GREAT BRITAIN LIMITED

Claimants

(2) LIDL STIFTUNG & CO KG

- and -

(1) TESCO STORES LIMITED

Defendants

(2) TESCO PLC

**Benet Brandreth KC, Tristan Sherliker and Edward Cronan (instructed by Bird & Bird
LLP) for the Claimants**

**Iain Purvis KC, Hugo Cuddigan KC and Daniel Selmi (instructed by Haseltine Lake
Kempner LLP) for the Defendants**

Hearing dates : 19-21 February 2024

Approved Judgment

This judgment was handed down remotely at 10.30am on 19 March 2024 by circulation to the parties or their representatives by e-mail and by release to the National Archives.

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Lord Justice Arnold:

Introduction

1. This is a dispute about supermarket logos. The Claimants (“Lidl”) are a German supermarket operator and its United Kingdom subsidiary. Lidl’s business model involves an emphasis on own-brand products and a carefully curated selection of goods, which enable them to achieve low prices. For this reason Lidl are often referred to as a “discount” (or “discounter”) supermarket. Having entered the UK market in 1994, Lidl have established a significant presence in the supermarket sector with a market share of 7.2% in 2022. Lidl’s nearest competitor is Aldi, another “discount” supermarket of German origin, but Lidl also compete with (among others) the Defendants (“Tesco”). Tesco are the largest supermarket chain in the UK with a market share of 26% in 2022. Since 1995 Tesco have operated a well-regarded customer loyalty scheme under the name Tesco Clubcard to reward customers who sign up for the scheme and obtain a card. By 2021 there were around 16 million Clubcard members in the UK.
2. Since about 1987 Lidl have used a logo consisting of the word LIDL within a yellow circle edged in red on a square blue background. Lidl own a number of trade mark registrations for both the logo including the word LIDL (“the Mark with Text”) and the logo without that word (“the Wordless Mark”) (collectively, “the Trade Marks”). (Strictly speaking, the earliest registration of the Wordless Mark depicts the logo by means of black-and-white heraldic shading and a statement of the colours claimed; but it is common ground that it may be treated as if it were a registration of the coloured logo.) Lidl have never used the Wordless Mark in the form in which it is registered, but contend that use of the Mark with Text constitutes use of the Wordless Mark. The Trade Marks and an example of how they are used by Lidl are shown below.



The Wordless Mark



The Mark with Text



Example of the Marks as used by Lidl

3. The *causus belli* in these proceedings is Tesco’s use in their marketing since September 2020 of signs comprising a yellow circle on a square (or sometimes rectangular) blue background (“the CCP Signs”) as part of a promotion called Clubcard Prices, in which Tesco Clubcard holders are charged lower prices than shoppers who are not Clubcard holders. The particular shade of blue which features in the CCP Signs has formed part of Tesco’s corporate livery for some time. The CCP Signs also incorporate text: either the words “Clubcard Prices” or the words “Clubcard Price” together with a price. Examples are shown below.



4. The CCP Signs have been used extensively at Tesco stores, where they have been used on banners of various sizes both inside and outside the stores and on shelf edge labels. The CCP Signs have also been used in print media, on Tesco’s website, on social media channels and at so-called out-of-home (“OOH”) locations such as bus stops and in a television advertisement. In some instances the CCP Signs have been used in a cropped form in which the yellow circle is not fully surrounded by the blue background.
5. Lidl claim that Tesco have thereby infringed the Trade Marks, committed passing off and infringed Lidl’s copyright in the Mark with Text as an artistic work. As well as denying these claims, Tesco counterclaimed for a declaration that the Wordless Mark was invalidly registered, alternatively for an order for revocation on the ground of non-use.
6. Joanna Smith J held for the reasons given in her judgment dated 19 April 2023 [2023] EWHC 873 (Ch) (“the main judgment”) that Lidl succeeded in their claims, although she upheld Tesco’s counterclaim that the registrations of the Wordless Mark were invalid on the ground that the registrations had been applied for in bad faith. The judge also held in a further judgment dated 22 May 2023 [2023] EWHC 1517 (Ch) (“the supplemental judgment”) that Lidl should be granted an injunction to restrain copyright infringement even if Lidl were ultimately to fail in their trade mark and passing off claims. Tesco appeal with permission granted by Lewison LJ against the findings of trade mark infringement, passing off and copyright infringement and against the grant of the copyright injunction on that hypothesis. Lidl appeal with permission granted by Lewison LJ against the finding that the registrations of the Wordless Mark are invalid.

The Trade Marks

7. Lidl rely upon the following registration of the Mark with Text: UK registration number 2570518 registered in respect of services in Class 35 with a filing date of 28 January 2011.
8. Lidl rely upon the following registrations of the Wordless Mark, the first three of which (collectively “the 1995 Registration”) were divided out from a single application with a filing date of 4 April 1995:
 - i) UK registration number 2016658A registered in respect of goods and services in Classes 1, 3, 8, 11, 18, 21, 28, 31, 32, 33, 35, 36, 41 and 42;
 - ii) UK registration number 2016658C registered in respect of goods in Class 16;

- iii) UK registration number 2016658D registered in respect of goods in Classes 5, 29 and 30;
- iv) EU registration number 4746343 registered in respect of services in Classes 35, 36, 39, 40 and 41 with a filing date of 17 November 2005 (in respect of the period up to 31 December 2020) and UK registration number 904746343 derived from that EU registration (in respect of the period after 31 December 2020) (“the 2005 Registration”).

Additional registrations

- 9. Tesco counterclaimed for a declaration of invalidity of the four UK registrations listed in paragraph 8 above and of two additional UK registrations of the Wordless Mark derived from EU registrations owned by Lidl:
 - i) UK registration number 902936185 registered in respect of goods and services in Classes 1, 3, 5, 8, 11, 16, 18, 21, 28, 29, 30, 31, 32, 33, 35, 36, 39, 41 and 42 with a filing date of 15 November 2002 (“the 2002 Registration”);
 - ii) UK registration number 9064605761 registered in respect of goods and services in Classes 1 to 16, 18 and 20 to 42 with a filing date of 13 November 2007 (“the 2007 Registration”).
- 10. In addition, Tesco rely upon the existence of a further application filed by Lidl on 22 February 2021 for registration of the Wordless Mark in respect of goods and services in Classes 1 to 44, UK application number 3599128 (“the 2021 Application”). This application is currently stayed.
- 11. Although neither party pleaded it, Lidl own an additional registration of the Mark with Text, namely UK registration number 1410087 registered in respect of goods in Class 32 with a filing date of 28 December 1989.

The relevant law: trade mark infringement

- 12. Lidl’s claim is brought under section 10(3) of the Trade Marks Act 1994 (extended protection for trade marks with a reputation), not section 10(2) (likelihood of confusion as to trade origin). While the UK was a Member State of the European Union, section 10(3) implemented successively Article 5(2) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, Article 5(2) of European Parliament and Council Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version) and Article 10(2)(c) of European Parliament and Council Directive 2015/2436/EU of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast). The case law of the Court of Justice of the European Union prior to 31 December 2020 interpreting these provisions, the corresponding relative ground of objection to registration in the Directives and the corresponding provisions in successive Regulations concerning what are now EU trade marks constitutes assimilated law (formerly known as “retained EU law”).
- 13. In order for such a claim to succeed, the following requirements must be satisfied: (i) the registered trade mark must have a reputation in the relevant territory; (ii) there must

be use of a sign by a third party in the relevant territory; (iii) the use must be in the course of trade; (iv) it must be without the consent of the proprietor; (v) it must be of a sign which is identical with or similar to the trade mark; (vi) it must be in relation to goods or services; (vii) it must give rise to a link between the sign and the trade mark in the mind of the average consumer; (viii) it must give rise to one of three types of injury, that is to say, (a) detriment to the distinctive character of the trade mark, (b) detriment to the repute of the trade mark, or (c) unfair advantage being taken of the distinctive character or repute of the trade mark; and (ix) it must be without due cause. In the present case the types of injury relied upon by Lidl are detriment to the distinctive character of the Trade Marks and unfair advantage being taken of the reputation of the Trade Marks.

14. There was no dispute before the judge as to the applicable legal principles, which she summarised in the main judgment at [73](1)-(27). Since there is no dispute as to the accuracy of that summary, it is not necessary to repeat all of it. In order to put the issues arising on the appeal into context, however, it is convenient to set out the key principles on five issues.
15. *Average consumer.* It is firmly established that many issues in trade mark law, including the issues arising on claims for infringement, must be assessed from the perspective of the “average consumer” of the relevant goods and/or services, who is “deemed to be reasonably well informed and reasonably observant and circumspect”: see Case C-342/97 *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [1999] ECR I-3819 at [26] and many subsequent authorities. Discussion of the characteristics and role of the average consumer occupies the whole of Chapter 3 in *Kerly’s Law of Trade Marks and Trade Names* (17th ed). For present purposes I would highlight the following points, authority for which can be found in the cases discussed in *Kerly*.
16. First, the average consumer is both a legal construct and a normative benchmark. They are a legal construct in that consumers who are ill-informed or careless and consumers with specialised knowledge or who are excessively careful are excluded from consideration. They are a normative benchmark in that they provide a standard which enables the courts to strike a balance between the various competing interests involved, including the interests of trade mark owners, their competitors and consumers.
17. Secondly, the average consumer is neither a single hypothetical person nor some form of mathematical average, nor does assessment from the perspective of the average consumer involve a statistical test. They represent consumers who have a spectrum of attributes such as age, gender, ethnicity and social group. For this reason the European case law frequently refers to “the relevant public” and “average consumers” rather than, or interchangeably with, “the average consumer”: see, for example, Case C-252/07 *Intel Corporation Inc v CPM United Kingdom Ltd* [2008] ECR I-8823 at [34]. It follows that assessment from the perspective of the average consumer does not involve the imposition of a single meaning rule akin to that applied in defamation law (but not malicious falsehood). Thus, when considering the issue of likelihood of confusion, a conclusion of infringement is not precluded by a finding that many consumers of whom the average consumer is representative would not be confused. To the contrary, if, having regard to the perceptions and expectations of the average consumer, the court considers that a significant proportion of the relevant public is likely to be confused, then a finding of infringement may properly be made.

18. Thirdly, assessment from the perspective of the average consumer is designed to facilitate adjudication of trade mark disputes by providing an objective criterion, by promoting consistency of assessment and by enabling courts and tribunals to determine such issues so far as possible without the need for evidence. I shall return to the last of these considerations below.
19. Fourthly, the average consumer's level of attention varies according to the category of goods or services in question.
20. Fifthly, the average consumer rarely has the opportunity to make direct comparisons between trade marks (or between trade marks and signs) and must instead rely upon the imperfect picture of the trade mark they have kept in their mind.
21. *Link*. Infringement under section 10(3) involves types of injury which are "the consequence of a certain degree of similarity between the earlier and later marks, by virtue of which the relevant section of the public makes a connection between those two marks, that is to say, establishes a link between them even though it does not confuse them": see *Intel v CPM* at [30]. The existence of such a link "must be assessed globally, taking into account all factors relevant to the circumstances of the case": see *Intel v CPM* at [41]. The fact that, for the average consumer, a later trade mark (or sign) "calls [an] earlier trade mark with a reputation to mind is tantamount to the existence of such a link": see *Intel v CPM* at [63].
22. *Detriment to distinctive character*. The Court of Justice stated in *Intel v CPM*:
 - "29. As regards, in particular, detriment to the distinctive character of the earlier 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 and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so.

...

 67. The more immediately and strongly the earlier mark is brought to mind by the later mark, the greater the likelihood that the current or future use of the later mark is taking unfair advantage of, or is detrimental to, the distinctive character or the repute of the earlier mark.
 68. It follows that, like the existence of a link between the conflicting marks, the existence of one of the types of injury referred to in Article 4(4)(a) of the Directive, or a serious likelihood that such an injury will occur in the future, must be assessed globally, taking into account all factors relevant to the circumstances of the case, which include the criteria listed in paragraph 42 of this judgment.

69. ... the stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it ...
- ...
77. ... proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.
78. It is immaterial, however, for the purposes of assessing whether the use of the later mark is or would be detrimental to the distinctive character of the earlier mark, whether or not the proprietor of the later mark draws real commercial benefit from the distinctive character of the earlier mark.”
23. With respect to the requirement identified in *Intel v CPM* at [77], the Court of Justice added in Case C-383/12 *Environmental Manufacturing LLP v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2013:741]:
- “42. Admittedly, Regulation No 207/2009 and the Court's case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.
43. None the less, such deductions must not be the result of mere suppositions but ... must be founded on ‘an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case’.”
24. It is not in dispute that the approach articulated in [43] is also applicable to the question of whether there has already been a change to the economic behaviour of the average consumer.
25. *Unfair advantage*. The Court of Justice stated in Case C-487/07 *L'Oréal SA v Bellure NV* [2009] ECR I-5185:
- “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.

...

43. It follows that an advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the mark or, more generally, to its proprietor.
 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. ... 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 ...”
26. *Due cause.* Where the proprietor of the earlier mark has shown that there is either actual and present injury to its mark or, failing that, a serious risk that such injury will occur in the future, it is for the proprietor of the later mark or sign to establish that there is due cause for the use of that mark: see *Intel v CPM* at [39]. The Court of Justice stated in Case C-65/12 *Leidseplein Beheer BV v Red Bull GmbH and Red Bull Nederland BV* [EU:C:2014:49]:
- “45. It follows that the concept of ‘due cause’ may not only include objectively overriding reasons but may also relate to the subjective interests of a third party using a sign which is identical or similar to the mark with a reputation.
 46. Thus, the concept of ‘due cause’ is intended, not to resolve a conflict between a mark with a reputation and a similar sign which was being used before that trade mark was filed or to restrict the rights which the proprietor of that mark is recognised as having, but to strike a balance between the interests in question by taking account, in the specific context of Article 5(2) of Directive 89/104 and in the light of the enhanced protection enjoyed by that mark, of the interests of the third party using that sign. In so doing, the claim by a third party that there is due cause for using a sign which is similar to a mark with a reputation cannot lead to the recognition, for the benefit of that third party, of the rights connected with a registered mark, but rather obliges the proprietor of the mark with a reputation to tolerate the use of the similar sign.
 47. The Court thus held in paragraph 91 of the judgment in *Interflora and Interflora British Unit* (a case concerning the use of keywords for internet referencing) that 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 being detrimental to the repute or the distinctive character of that mark 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 a 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’.”

The relevant law: passing off

27. Again, there was no dispute before the judge as to the applicable legal principles, which she accurately summarised in the main judgment at [262]-[265]. The key points are as follows.
28. The fundamental principle underlying the law of passing off may be simply stated. Putting it into contemporary language, it is this: no person may misrepresent their goods or services to be those of another person. Defining the tort more precisely has proved difficult, however. A number of eminent judges have attempted to formulate statements of its essential ingredients, but there is no test that is universally applicable.
29. The most comprehensive statement remains that of Lord Diplock, with whom Viscount Dilhorne, Lord Salmon and Lord Scarman agreed, in *Erven Warnink BV v J. Townend & Sons (Hull) Ltd* [1979] AC 731 (the *Advocaat* case) at 742:

“My Lords, *A. G. Spalding & Bros. v. A. W. Gamage Ltd.*, 84 L.J.Ch. 449 and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.”
30. Lord Diplock immediately went on, however, to warn:

"In seeking to formulate general propositions of English law, however, one must be particularly careful to beware of the logical fallacy of the undistributed middle. It does not follow that because all passing off actions can be shown to present these characteristics, all factual situations which present these characteristics give rise to a cause of action for passing off."
31. In many cases of alleged passing off, the most useful formulation is that of Lord Oliver of Aylmerton, with whom Lord Bridge of Harwich, Lord Brandon of Oakbrook and

Lord Goff of Chieveley agreed, in *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 WLR 491 (the *Jif Lemon* case) at 499:

“Although your Lordships were referred in the course of the argument to a large number of reported cases, this is not a branch of the law in which reference to other cases is of any real assistance except analogically. It has been observed more than once that the questions which arise are, in general, questions of fact. Neither the appellants nor the respondents contend that the principles of law are in any doubt. The law of passing off can be summarised in one short general proposition — no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ‘get-up’ (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff’s identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Thirdly, he must demonstrate that he suffers or, in a *quia timet* action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant’s misrepresentation that the source of the defendant’s goods or services is the same as the source of those offered by the plaintiff.”

32. Although Lord Oliver referred in this passage to “goodwill or reputation”, it is clear that goodwill is required and that mere reputation does not suffice: see *Starbucks (UK) Ltd v British Sky Broadcasting Group plc* [2015] UKSC 31, [2015] 1 WLR 2628. Thus the three core ingredients of the tort are (i) goodwill owned by the claimant, (ii) a misrepresentation by the defendant and (iii) consequent damage to the claimant.
33. There are some cases of passing off which do not fit easily within Lord Oliver’s formulation although they do fit within Lord Diplock’s. Thus a misrepresentation that the defendant’s product is equivalent to the claimant’s product contrary to the fact is

actionable if it is likely to damage the claimant's goodwill: see *Glaxo Wellcome UK Ltd v Sandoz Ltd* [2019] EWHC 2545 (Ch), [2019] RPC 27 at [174]-[181].

34. Misrepresentation in passing off cases is a question of fact: see Lord Oliver in *Reckitt & Colman* (cited above) at 499. There is no single meaning rule, and it is sufficient if a substantial number of consumers would be misled: see *Neutrogena Corp v Golden Ltd* [1996] RPC 43.
35. The "average consumer" does not feature in the law of passing off. Nevertheless, it has long been the law that the correct approach is to consider whether, as Lord Cranworth LC put it in *Seixo v Provezende* (1865-66) LR 1 Ch App 192 at 196, "ordinary purchasers, purchasing with ordinary caution, are likely to be misled". No claim for passing off lies if, as Foster J famously observed in *Morning Star Co-Operative Society Ltd v Express Newspapers Ltd* [1979] FSR 113 at 117, "only a moron in a hurry would be misled". It has also long been the law that, as Romer LJ explained in *Payton & Co Ltd v Snelling, Lampard & Co. Ltd* (1900) 17 RPC 48 at 57, "[t]he kind of customer that the courts ought to think of in these cases is the customer who knows the distinguishing characteristics of the plaintiff's goods, those characteristics which distinguish his goods from other goods on the market so far as relates to general characteristics. The customer must be one who, knowing what is fairly common to the trade, knows of the plaintiff's goods by reason of these distinguishing characteristics." Thus passing off law requires the court to consider whether ordinary consumers who purchase with ordinary caution and who know what is fairly common to the trade are likely to be misled.

The relevant law: trade mark invalidity on the ground of bad faith

36. Section 3(6) of the 1994 Act provides that a trade mark "shall not be registered if or to the extent that the application is made in bad faith". Section 47(1) of the 1994 Act provides that the registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3. While the UK was a Member State of the EU, these provisions implemented successively Article 3(2)(d) of Directive 89/104, Article 3(2)(d) of Directive 2008/95 and Articles 4(2) and 7 of Directive 2015/2436, and there were corresponding provisions in the EU Trade Mark Regulations. Again, the case law of the Court of Justice interpreting these provisions prior to 31 December 2020 constitutes assimilated law.
37. The law was considered by this Court at an earlier stage of these proceedings in *Lidl Great Britain Ltd v Tesco Stores Ltd* [2022] EWCA Civ 1433, [2023] FSR 12 ("*Lidl v Tesco I*"). The judge cited the passage at [12]-[24] in the main judgment at [238]. I shall take both that passage and the passage at [38]-[47] as read. Since then the General Court has held in Case T-650/22 *Athlet Ltd v European Union Intellectual Property Office* [EU:T:2024:11] that it amounted to bad faith for an applicant successively to file, at six monthly intervals between 2007 and 2020, applications to register national trade marks, all of which were rejected for non-payment of fees and the last of which was used to claim priority for an EU trade mark application, in order artificially to extend the six-month priority period under Article 29(1) of Council Regulation 20007/2009/EC of 26 February 2009 on the Community trade mark (codified version). This was compounded by the applicant's lack of intention to use the trade mark in question. The decision is, of course, only of persuasive authority, but it supports the view that abuse of the trade mark system may constitute bad faith.

The relevant law: copyright subsistence and infringement

38. Although there was little dispute before the judge as to the applicable principles, she did not have the benefit of the subsequent decisions of this Court in *Wright v BTC Core* [2023] EWCA Civ 868, [2023] FSR 21 and *THJ Systems Ltd v Sheridan* [2023] EWCA Civ 1354, [2024] ECDR 4. For present purposes it is only necessary to recap the following points from those decisions.
39. In order for copyright to subsist in an artistic work it must be “original”: section 1(1)(a) of the Copyright, Designs and Patents Act 1988. Section 1(1)(a) is to be interpreted in accordance with Article 2(a) of European Parliament and Council Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (“the Information Society Directive”) as interpreted by the Court of Justice prior to 31 December 2020. In Case C-5/08 *Infopaq International A/S v Danske Dagblades Forening* [2009] ECR I-6569 the Court of Justice held at [37] that “copyright within the meaning of Article 2(a) of Directive 2001/29 is liable to apply only in relation to a subject-matter which is original in the sense that it is its author’s own intellectual creation”.
40. The Court of Justice has elaborated upon the requirement that the work be its author’s own intellectual creation in a number of subsequent judgments. What is required is that the author was able to express their creative abilities in the production of the work by making free and creative choices so as to stamp the work created with their personal touch: see in particular Case C-145/10 *Painer v Standard Verlags GmbH* [2011] ECR I-12533 at [89]-[94]; Case C-604/10 *Football Dataco Ltd v Yahoo! UK Ltd* [EU:C:2012:115] at [38]; Case C-469/17 *Funke Medien NRW v Germany* [EU:C:2019:623] at [19], [23]-[25]; Case C-683/17 *Cofemel—Sociedade de Vestuário SA v G-Star Raw CV* [EU:C:2019:721] at [30]; and Case C-833/18 *SI v Chedech/Get2Get (“Brompton Bicycle”)* [EU:C:2020:461] at [23], [26]. This criterion is not satisfied where the content of the work is dictated by technical considerations, rules or other constraints which leave no room for creative freedom: see in particular Case C-393/09 *Bezpečnostní softwarová asociace – Svaz softwarové ochrany v Ministerstvo kultury (“BSA”)* [2010] ECR I-13971 at [48]-[49]; Case C-403/98 *Football Association Premier League Ltd v QC Leisure* [2011] ECR I-9083 at [98]; *Football Dataco* at [39]; *Funke Medien* at [24]; *Cofemel* at [31]; and *Brompton Bicycle* at [24], [27].
41. As can be seen from cases such as *Football Dataco* and *Funke Medien*, the European test is not the same as the test of “skill and labour” applied by the English courts prior to 2009, and the European test is more demanding. On the other hand, *Painer* establishes that even a simple portrait photograph may satisfy the European test in an appropriate case.
42. Four points should be noted about the application of this test. First, the test is an objective one. Secondly, the test is not one of artistic merit: section 4(1)(a) of the 1988 Act expressly provides that graphic works qualify as artistic works “irrespective of artistic quality”, and nothing in the case law of the CJEU suggests otherwise. Thirdly, the burden of proof lies on the claimant, here Lidl. Fourthly, particularly in a case concerned with graphic works, a key item of evidence is the works themselves.

43. Copyright in an artistic work is only infringed if a “substantial part” of the work has been copied: see section 16(3)(a) of the 1988 Act. In order for the part copied to be substantial, it must “contain[] an element of the work which, as such, expresses the author’s own intellectual creation”: see *Infopaq* at [45]-[48]. As I explained in *THJ* at [27], where there is sufficient creativity involved in the creation of the work for the work to be original, but the degree of creativity is low, the consequence is that the scope of protection conferred by the copyright in that work is correspondingly narrow, so that only a close copy will infringe.
44. There is one additional point of law which arises in the present case. Counsel for Tesco cited *Dicks v Brooks* (1880) 15 Ch D 22. Cases decided prior to the Copyright Act 1911 are not in general a reliable guide to the interpretation of the 1988 Act. This is particularly so in the present context, since there was no statutory requirement of originality prior to 1911. Such cases are certainly not authoritative on issues of interpretation of provisions of the 1988 Act which implemented the Information Society Directive. Furthermore, *Dicks v Brooks* (described in Laddie, Prescott and Vitoria, *The Modern Law of Copyright* (5th ed) at 4.6 footnote 7 as “a much misunderstood decision”) is a case about copyright in engravings, which cannot be fully understood without a close examination of the Engraving Copyright Acts 1735, 1767 and 1777, the Copyright Act 1852 and the case law under those statutes. The proposition of law which counsel for Tesco sought to derive from *Dicks v Brooks* is not in dispute, however, and can be simply stated. If A creates a first original work, B copies A’s work but adds sufficiently to it to create a second original work, and C copies from B’s work only the part created by A, then B has no claim for copyright infringement against C because that which has been copied by C is not original to B.

Lidl’s pleaded case on trade mark infringement and passing off

45. In the light of some of the arguments on the appeals, I should summarise Lidl’s pleaded case on trade mark infringement and passing off. The case was pleaded by reference to the blue square and yellow circle in the CCP Signs (i.e. without the word LIDL), which was defined as “the Sign”.
46. Lidl pleaded in paragraph 22 of their Particulars of Claim that Tesco had infringed the Trade Marks by taking unfair advantage of the reputation of the Trade Marks contrary to section 10(3) of the 1994 Act. Having pleaded in sub-paragraph (a) that use of the Sign would cause members of the public to call to mind Lidl’s business and the Trade Marks, Lidl pleaded in sub-paragraph (b):

“Having regard to all the circumstances of use, Tesco’s use of the Sign is so to suggest that the prices of those goods that are offered by Tesco for sale under or in connection with the Sign, are offered at the same prices or lower prices than could be obtained for the same or equivalent goods in Lidl stores (or are otherwise ‘price matched’ with Lidl) contrary to fact ...”
47. Lidl pleaded various further matters in support of the allegation of unfair advantage in paragraphs 23 and 24.
48. In paragraph 25 of their Particulars of Claim Lidl pleaded that Tesco’s use of the Sign was detrimental to the distinctive character of the Trade Marks contrary to section

10(3). The particulars given in support of this allegation began in sub-paragraph (a) by stating that paragraphs 22-24 were repeated. The particulars went on:

- “(b) The use of the Sign has and will serve to dilute the ability of the Marks to identify the source of goods or services for which they are registered. This is particularly the case where the Marks, having been so distinctive as to arouse immediate association with the Claimant’s business, have or may become no longer capable of doing so.
- (c) Tesco’s use of the Sign is liable to be detrimental to the distinctive character of the Marks in that use of a similar sign to indicate that a price is a ‘discount’ price is liable to alter the distinctive character of the Marks.
- (d) Tesco’s use of the Sign is liable to alter the economic behaviour of consumers in that consumers are liable to associate its features, which are features of the Marks and with which the reputation is associated, with discounted prices generally and, in consequence, purchase Tesco’s goods and services as being discounted. Further, the use of the Sign is intended to and/or does incentivise customers to switch away from purchasing the Claimant’s services to those of the Defendants.

...”

49. Lidl’s passing off claim was pleaded in paragraph 28 of the Particulars of Claim, which alleged that:

“... the Defendants have misrepresented that products sold by Tesco share the qualities of those of Lidl, including in particular that the goods offered for sale by Tesco in connection with the Sign are of equivalent good standard, and sold at the same or equivalent price, as similar goods sold in the course of the Lidl business; or that Tesco has otherwise ‘price matched’ the prices of its products with those of Lidl; in each case contrary to the fact.”

The trial

50. The trial took place over four days in February 2023. The judge heard oral evidence from three witnesses called by Lidl, namely Lidl’s marketing director, Claire Farrant, and two members of the public, Simon Berridge and Andy Paulson. She also heard oral evidence from five witnesses called by Tesco, including Michelle McEttrick, who was Tesco’s Group Brand Director from 2015 to 2021, and Richard Hing, a lawyer employed by Tesco. The judge received written evidence from three further witnesses tendered by Lidl, including David Unterhalter (Lidl’s Director of Legal and Compliance) and five further witnesses tendered by Tesco whose evidence was not challenged. She also heard expert evidence from a market research consultant called by Lidl, Jean Sutton. In addition there was a considerable volume of documentary

evidence, although the judge found that Tesco's disclosure of consumer comments was incomplete.

The main judgment

51. The main judgment contains an impressively careful and detailed analysis of the issues, evidence and arguments running to 317 paragraphs. That number does not fully convey the effort the judge put into her judgment, since, as illustrated by the judge's summary of the law with respect to section 10(3) of the 1994 Act, many of the paragraphs are divided into sub-paragraphs. The judge's findings and conclusions may be summarised as follows.

The factual context

52. The judge described the UK grocery sector and the background to the Clubcard Prices campaign at [51]-[64]. The key points for the purposes of the appeals are as follows.
53. By May/June 2019 Tesco had recognised that price-conscious customers were switching or "trading out" to Lidl and Aldi because of the latter's success in positioning themselves as offering good value at low prices. Tesco was anxious to win back these customers. This led to Tesco launching two promotional campaigns.
54. First, in March 2020 Tesco commenced a campaign involving matching the prices of a limited range of products sold by Aldi ("the Aldi Price Match"). Tesco used a logo for this campaign with the words "Aldi Price Match" and a tick in white on a red circle ("the Aldi Price Match Logo") shown below.



55. Secondly, in September 2020 Tesco launched the Clubcard Prices campaign. Since then, the CCP Signs have often been used on signage in Tesco stores directly next to the Aldi Price Match Logo.
56. A recognised problem across the sector is the potential for misattribution of advertising campaigns to competitors. Although this is a problem faced by all the players, Lidl have encountered particular problems with misattribution of their advertising to Aldi, an issue that Lidl have worked hard to address.

Lidl's claim for trade mark infringement

57. The issues before the judge concerned conditions (v), (vii), (viii)(a) and (c), and (ix) identified in paragraph 13 above. The judge sensibly devoted the bulk of her analysis to the question of whether Tesco had infringed the Mark with Text before turning to consider infringement of the Wordless Mark.
58. *The average consumer.* The judge identified the average consumer at [79] as "the average supermarket shopper who will be paying no more than the average degree of

attention”. As she recognised, for example at [114], the average consumer’s perception of a sign is affected by the context in which the sign is used e.g. it may be perceived differently when used in store or on a website on the one hand and when used in OOH advertising on the other hand. Neither side invited her to make differential findings as to the various contexts in which the CCP Signs had been used, however.

59. *Identification of the sign in issue.* There was a dispute between the parties prior to trial as to whether the correct comparison was between the Trade Marks and the Sign identified in the Particulars of Claim (i.e. just the blue square and yellow circle in the CCP Signs without any text), as Lidl contended, or between the Trade Marks and the CCP Signs including the text, as Tesco contended. In closing submissions, however, Lidl accepted that it did not matter to Lidl’s case which was the correct comparison, because the words were always present and thus formed part of the context in any event. The judge therefore compared the Mark with Text with the CCP Signs.
60. *Date for assessment.* It was, and remains, common ground that the date for assessment of the trade mark infringement claim is September 2020, when the use of the CCP Signs was commenced.
61. *Reputation of the Mark with Text.* It was, and remains, common ground that the Mark with Text is both inherently distinctive and has an enhanced distinctive character acquired through use, and has a reputation in the UK for “discount” retail services.
62. *Similarity.* Tesco disputed that the CCP Signs were similar to the Mark with Text. The judge concluded at [91] that they were similar:

“The visual similarity is here the significant feature and, whilst I accept that the text represents an important point of difference, nonetheless I do not consider that it has the effect of extinguishing the strong impression of similarity conveyed by their backgrounds in the form of the yellow circle, sitting in the middle of the blue square. This was an impression that I formed myself upon seeing the Mark with Text and the CCP Signs.”

The judge was fortified in this view by various items of evidence. There is no challenge by Tesco to this finding.

63. *Link.* Tesco disputed that, even if the CCP Signs were similar to the Mark with Text, use of the CCP Signs would give rise to a link in the mind of the average consumer with the Mark with Text. The judge considered this issue at [96]-[147]. She began by observing at [99]:

“... it is possible in this case to address various of the factors identified in *Intel* ... relatively swiftly. The Mark with Text and the CCP Signs appear to me to be similar for all the reasons I have identified above. I have already observed that the goods or services for which the Mark with Text is registered and in respect of which the CCP Signs are used are identical, as is the relevant sector of the public. The Mark with Text has a strong reputation and enhanced distinctiveness, which in itself provides scope for a greater likelihood that a connection will be made....”

64. The judge then said at [100] that “[f]urther and importantly in my judgment, there is in fact evidence of both origin confusion and price comparison confusion on the part of the public, together with internal recognition by Tesco of the potential for confusion”. She proceeded to analyse six categories of evidence:
- i) A report by an external research agency, Hall & Partners (“H&P”), commissioned by Tesco to evaluate the Clubcard Prices promotion in November 2020.
 - ii) Messages from 141 consumers culled by Lidl from the parties’ disclosure and searches of social media, referred to as “the Lidl Vox Populi”.
 - iii) Evidence given by Messrs Berridge and Paulson.
 - iv) A survey commissioned by Tesco from an external agency called The Source in June 2020, i.e. prior to launching the Clubcard Prices campaign.
 - v) Warnings or concerns raised internally by four Tesco employees.
 - vi) Evidence concerning the general problem of misattribution mentioned above.
65. I shall have to consider some of these categories of evidence in detail later in this judgment. At this juncture it is convenient to note that the judge did not accept an argument by Tesco that the evidence concerning the general problem of misattribution either provided a “litmus test” for assessing Lidl’s evidence as to price-matching or undermined that evidence. There is, however, a separate point concerning consumer confusion between Lidl and Aldi which I shall return to below.
66. The judge concluded at [147]:
- “In all the circumstances to which I have referred and approaching the question from a ‘global’ standpoint, I am satisfied that Lidl has established the necessary ‘link’. There is clear evidence of both origin and price match confusion/association together with evidence that Tesco appreciated the potential for confusion. I consider that the average reasonably observant consumer encountering the CCP Signs in the real world at the date of the launch of the Clubcard Price campaign would draw a link between the Uses of the CCP Signs and the Mark with Text and that the available evidence amply bears out my conclusion.”
67. Tesco do not challenge the judge’s finding of a “link”, but as explained below they do challenge her finding that there is “clear evidence of ... price match confusion”.
68. *Intention.* Lidl’s pleaded case was that Tesco’s use of the CCP Signs was intended to call the Trade Marks to mind and that Tesco were deliberately seeking to “ride on the coat tails of” Lidl’s reputation as a discount supermarket. The judge recorded that Lidl had not abandoned this allegation in closing submissions, but had soft-pedalled it. The judge considered the allegation and rejected it. On the contrary, she accepted Ms McEttrick’s evidence that Tesco had intended to convey a clear message about

Clubcard Prices and wanted to avoid misattribution which would have been contrary to Tesco's objective. There is no challenge by Lidl to that conclusion.

69. *Detriment to the distinctive character of the Mark with Text.* The judge held that, given that Tesco had been using the CCP Signs for over two years by the time of the trial, Lidl had to establish that there had been a change in the economic behaviour of the average consumer i.e. it was not sufficient for Lidl to establish a likelihood of such a change occurring in the future. Lidl do not challenge this aspect of her reasoning.
70. The judge noted at [159] that Ms Farrant's evidence as to the dilution of Lidl's brand had not been challenged by Tesco. Until Tesco had started using the CCP Signs, no other supermarket was using a logo that looked anything like the Trade Marks. That had changed because Tesco had flooded the market with a logo that looked very similar. The judge said that the evidence "supports the proposition that Tesco's campaign has been successful in slowing the 'switching' and 'trading out' that was otherwise occurring, although Lidl accepts that it cannot point to any specific individual who has acknowledged a change in economic behaviour".
71. As the judge noted at [160], Lidl contended that "one of the ways in which detriment manifests itself in this case is in the specific steps that Lidl has been forced to take in response to the extensive use of the CCP Signs and the consequent dilution of Lidl's reputation as a low cost discounter". Ms Farrant gave evidence that, as result, Lidl had felt compelled to undertake a responsive advertising campaign comparing their prices with Tesco Clubcard prices for various items and showing that Lidl's prices were lower. The judge considered this evidence at [160]-[169] and accepted it. The judge concluded at [170]:
- "Drawing the threads together, I find that Lidl has established detriment to the distinctive character of its Mark, evidenced by the fact that it has found it necessary to take evasive action in the form of corrective advertising."
72. *Unfair advantage.* As the judge noted, her conclusion on detriment was sufficient to establish that Tesco had infringed the Mark with Text, but she wisely nevertheless went on to consider whether Lidl was also able to establish that Tesco had taken unfair advantage of the reputation of the Mark with Text. She held that, as a matter of law, it was sufficient for this purpose that this was the objective effect of the use of the CCP Signs even if that was not Tesco's intention. Tesco do not challenge that conclusion.
73. The judge held at [174] that "[a]gainst the background of my findings so far in this judgment, I consider that due to the resemblance between the CCP Signs and the Lidl Marks, Tesco has taken unfair advantage of the distinctive reputation which resides in the Lidl Marks for low price (discounted) value".
74. At [175] the judge found that "the evidence confirms that Tesco chose the CCP Signs with a view to them having brand significance and influencing their consumers". Tesco had three objectives: (i) rewarding brand loyalty, (ii) encouraging new customers to become members of the Clubcard scheme and (iii) improving Tesco's value perception so as to win back customers.
75. The judge went on:

- “176. In my judgment, the CCP Signs were plainly intended (amongst other things) to convey value and thereby to influence the economic behaviour of supermarket shoppers, notwithstanding that I have found no specific intention to free-ride on Lidl’s reputation. I agree with Lidl that, just as occurred in *Jack Wills*, the effect of the use of the CCP Signs was to cause a ‘subtle but insidious’ transfer of image from the Mark with Text to the CCP Signs in the minds of some consumers. This will have assisted Tesco to increase the attraction of their prices. The H&P report from November 2020 identified that the Clubcard Prices campaign had produced an increase in value perception of 6% in total and 9% among families; H&P observed that ‘[t]he campaign persuaded current Clubcard holders to use their cards and encouraging (sic) those without a Clubcard to sign up’.
177. Conveying the value proposition which Ms McEtrick accepted was one of a number of objectives of the Clubcard Prices promotion will have been easier and more effective by reason of the connection with the Lidl logo whose reputation was low price value. By way of example, Mr Paulson’s evidence confirmed that he had interpreted the CCP Sign as guaranteeing the same prices as Lidl.”
76. At [178]-[182] the judge addressed an argument advanced by Tesco which she understood to be intended to address the issue of unfair advantage, and also to be relied on for the purposes of Lidl’s claim for passing off. This was that there was no evidence that Tesco’s Clubcard prices were in fact materially or consistently higher than Lidl’s prices on corresponding goods. In support of this argument Tesco relied on a price comparison exercise undertaken by Lidl in January 2022 which was said by Tesco to show that “if one takes out the 1p differentials, there are actually more products cheaper at Tesco under the Clubcard Prices scheme than there are cheaper at Lidl”.
77. The judge gave two reasons for rejecting this argument. The first can be ignored for present purposes. The second reason was that, on the evidence, some of Tesco’s prices under the Clubcard scheme were not in fact as good as Lidl’s prices for equivalent products. There is no challenge by Tesco to this finding.
78. *Due cause*. Tesco contended that, even if the use of the CCP Signs had caused one or both of the types of injury alleged by Lidl, Tesco had due cause. The judge began her consideration of this issue by citing the observations of Daniel Alexander QC sitting as a Deputy High Court Judge in *PlanetArt LLC v Photobox Ltd* [2020] EWHC 713 (Ch), [2020] ETMR 35 at [41]-[45]. The judge continued at [184]:
- “With respect, I agree. There is plainly a balancing exercise to be undertaken between, on the one hand, the interests which the proprietor of a trade mark has in safeguarding its essential function and, on the other hand, the interests of other economic operators in having signs capable of denoting their products and services (*Comic Enterprises Ltd v Twentieth Century Fox Film Corp* [201] EWCA Civ 41 at [123]), but given the context, the test will be ‘relatively stringent’, as Kitchen J observed in *Julius*

Sämaan at [84]. Thus the mere fact that the sign complained of was innocently adopted is not sufficient to invoke the exception – there must be something more to satisfy the court that the rights of the claimant must yield to the use of the sign.”

79. Tesco argued that the use of yellow and/or basic geometric shapes such as circles and square was entirely commonplace in the supermarket sector and that it had due cause to use the colour blue since it was part of its corporate livery. The judge accepted that the colour blue had long been associated with Tesco, that yellow had been recognised as having the best impact for point of sale material, that other supermarkets used yellow (including yellow circles) to indicate value propositions to customers and that Tesco had used a yellow value roundel on packaging. She held, however, that none of this evidence satisfied the burden of establishing due cause in respect of the specific combination of features used in the CCP Signs.

80. The judge went on:

“187. ... Whilst The Source advised Tesco that the CCP Sign was the optimal choice if Tesco wanted customers to ‘call out’ a message about loyalty and Clubcard, it was not the only choice available to Tesco and it was Ms McEttrick’s evidence that Tesco was not in the habit of slavishly following advice from its external consultants. In any event, the evidence supports the proposition that Tesco had decided upon the CCP Sign before The Source carried out its testing.

188. Furthermore, it is clear that another of Tesco’s external consultants (Mr Mike Follett at Lumen, an attention specialist agency) specifically queried (as a ‘watch out’) why Tesco would remove the yellow price tile it was already using ‘given it has great attention & brand equity’ in favour of a sign which ‘looks a bit like [a] Lidl ad’. The response to this question from Mr Marcus Gilbert, as I have already mentioned was that ‘at this stage it’s a non-negotiable’. Why it might have been regarded as ‘non-negotiable’ was never explained – Mr Gilbert was not called to give evidence by Tesco. There is no suggestion that Tesco could not have used a different sign to launch its Clubcard Prices (including a different sign incorporating the colours yellow and blue if that was thought best to reflect its objectives). ...”

81. *The Wordless Mark*. The judge noted that, having regard to her findings with respect to the Mark with Text, Lidl’s claim for infringement of the Wordless Mark added nothing.

Lidl’s claim for passing off

82. The judge began her consideration of Lidl’s claim for passing off at [266] by quoting the misrepresentation pleaded by Lidl in paragraph 28 of the Particulars of Claim which I have set out in paragraph 49 above. She observed that this was a claim to equivalence “and so it is necessary to examine the claim to goodwill and misrepresentation with the

utmost care”. It was, and remains, common ground that the relevant date for assessment was the same date as for trade mark infringement, September 2020.

83. *Goodwill.* The judge found at [269] that Lidl owned goodwill in connection with the Trade Marks and that “its goodwill includes its reputation as a discounter that offers goods at low prices”. There is no challenge by Tesco to these findings.
84. *Misrepresentation.* The judge rejected a submission by Tesco that the CCP Signs were exclusively addressed to Tesco consumers and found that the CCP Signs would be seen by many consumers who also shopped elsewhere. There is no challenge to that finding by Tesco. The judge also reiterated the finding she had made in the context of the unfair advantage claim that some of Tesco’s Clubcard prices were not as good as Lidl’s prices for equivalent goods. As noted above, that finding is not challenged by Tesco either.
85. The judge found that there was a misrepresentation for the following reasons:

“272. I accept Lidl’s submissions that although this court cannot begin to quantify the precise proportion of consumers who are, or have been, deceived, nevertheless the evidence supports the proposition that a substantial number of consumers have been deceived.

...

274. In my judgment, the evidence to which I have already referred as to the link that is being made by consumers between the Tesco CCP Signs and the Lidl Marks establishes the existence of deception. That evidence is consistent across different sources as to the basis, cause and nature of the deception. Whilst it is clear that many consumers will not be fooled by the similarities between the CCP Signs and the Lidl Marks, it is also clear that a substantial proportion of people will be fooled – the evidence from Messrs Paulson and Berridge (whose views on seeing the CCP Signs were not said by Tesco to be atypical), the evidence of the spontaneous reactions from the Lidl Vox Populi and the evidence from the Source Survey all supports such a conclusion, as does my finding that this is likely to be the tip of the iceberg.”

86. *Damage.* The judge found that Lidl have suffered damage by reason of Tesco’s misrepresentation. If the judge’s conclusion as to misrepresentation is upheld, there is no challenge by Tesco to this finding.

Tesco’s counterclaim for revocation of the Wordless Mark

87. It was, and remains, common ground that Lidl have never used the Wordless Mark in the form in which it is registered. Tesco contended that the registrations should therefore be revoked for non-use. Lidl relied upon use of the Mark with Text as constituting use of the Wordless Mark in a form which did not alter the distinctive character of the Wordless Mark, and thus amounting in law to use of the Wordless Mark. Tesco disputed that use of the Mark with Text constituted use of the Wordless Mark in a form which did not alter the distinctive character of the Wordless Mark.

88. The judge found in favour of Lidl on this issue. Since there is no appeal by Tesco against that finding, it is not necessary to set out the judge’s reasoning. It is important to note, however, that it was based on the judge’s finding that the Wordless Mark was perceived by consumers as a trade mark as a result of the use which Lidl had made of the Mark with Text. That finding was based on various pieces of evidence, but a key item of evidence was a survey carried out by the well-known survey company YouGov in 2021, the interpretation of which was the subject of expert evidence from Mrs Sutton.

Tesco’s counterclaim for invalidation of the Wordless Mark on the ground of bad faith

89. As discussed in *Lidl v Tesco I*, Tesco’s case in a nutshell is that the Wordless Mark is a defensive trade mark, that is to say, a trade mark registered by the proprietor not with any intention to use it in the course of trade, but in order to secure a wider legal monopoly than the proprietor is entitled to by virtue of the trade mark(s) that the proprietor does use in the course of trade to indicate the origin of its goods and/or services. In support of this case Tesco rely upon two undisputed facts: (i) as noted above, Lidl have never used the Wordless Mark in the form in which it was registered; and (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.
90. Tesco contend that this case is strengthened by evidence of “evergreening” by Lidl through applications to re-register the Wordless Mark in respect of partially duplicative goods and services in 2002, 2005, 2007 and 2021, and also rely upon such evergreening as an independent basis for attacking the validity of the later registrations. Tesco argue that Lidl’s conduct is an abuse of the trade mark registration system, both because the purpose of the system is to protect trade marks which are used or intended to be used in the course of trade, and not simply to equip their proprietors with legal weapons, and because the purpose of the sanctions for non-use will be undermined if they can be circumvented by evergreening.
91. *The 1995 Registration.* The judge began at [243] by accepting that Tesco’s submission that “the objective circumstances identified in its pleading are sufficient to raise a rebuttable presumption of lack of good faith, such that it is now for Lidl to provide a plausible explanation of its objectives and commercial logic”. She added that, on the law as she understood it, “my finding that the Wordless Mark has in fact been used as a component of the Mark with Text is not determinative on this point”.
92. The judge went on at [245] to explain:
- “Pausing there, Lidl has adduced no evidence whatever either as to the reputation and goodwill enjoyed by the Mark with Text in 1995 or as to the perception of the average consumer at that time. Furthermore, it has no evidence as to its intentions at the time of the 1995 Application. ... despite extensive investigations, Lidl has been unable to shed any light on its intentions and rationale at the time of filing the applications for the Wordless Marks. There is no one still within the Lidl business who has any personal recollection of, or involvement in, the filings made in 1995, 2002, 2005 or 2007 and Lidl is not prepared to waive privilege over communications with its external trade mark attorneys and lawyers (a perfectly legitimate stance which does

not entitle the court to draw any inferences one way or another). As for Lidl's current filing practice, Mr Unterhalter's unchallenged evidence is that Lidl's approach to trade mark protection 'in general' is, in summary, that (i) it always tries to register brands it uses as part of its distinct identity; (ii) it updates trade marks when there is a change in brand assets, such as the introduction of a new logo or a tweak to an existing logo; (iii) it tries to obtain trade mark coverage in all the countries/markets that it operates in and (iv) it seeks to ensure that its trade mark registrations cover the business it is actually doing."

93. At [246]-[247] the judge rejected an attempt by Lidl to rely upon their evidence as to their current filing practice as casting light upon their intentions in 1995.
94. At [248] the judge addressed four matters pleaded by Lidl as evidence of their good faith. It is convenient to take these in chronological order. The first was that the specification of goods listed in the 1995 Registration was consistent with the goods of a supermarket business. Lidl pleaded that "it is to be inferred that the 1995 Application was made for the purpose of protecting the Wordless Mark in connection with the use being made of it by Lidl at that time". The judge did not accept this:

"The trouble with this pleading, however, is that without any evidence whatever to establish Lidl's knowledge or belief at the time, it does not appear to me to be sufficient to displace the inference of use of the Wordless Mark as a legal weapon (considered by Arnold LJ to be a legitimate inference). I agree with Tesco that this really amounts to little more than a submission. There is no evidential basis for the underlying contention that Lidl knew or thought that it was using the Wordless Mark by using the Mark with Text. In this context the fact that the registration involved goods that were consistent with a supermarket business takes matters no further."

95. Secondly, Lidl relied upon the fact that, as required by section 32(3) of the 1994 Act, they made a statement on the application form when applying for the 1995 Registration that they intended to use the Wordless Mark. The judge held that this did not assist Lidl:

"... 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'."

96. Thirdly, Lidl relied on an undertaking given by Lidl to Osmiroid International Ltd ("Osmiroid") prior to 3 September 1997 "to use [Lidl's] Yellow Circle logo in combination with the name Lidl o[r] LIDL" in consideration for which Osmiroid consented to registration of the Wordless Mark for goods falling in Class 16. Lidl pleaded that "it is to be inferred from the terms of the undertaking that Lidl considered

use of the Mark with Text to be use of the Wordless Mark”. The judge did not accept this:

“It does not (without more) evidence a subjective intention on the part of Lidl to use the Wordless Mark and nor does it support the proposed inference; the letter is the only available evidence and it appears to be concerned with acts of trade in the real world rather than with the minutiae of trade mark law.”

97. Fourthly, Lidl relied upon the fact that the Slovakian Intellectual Property Office had rejected an application by Tesco in 2021 to revoke the Wordless Mark on the ground of non-use, concluding that use of the Mark with Text constituted use of the Wordless Mark. The judge held that this did not assist Lidl for the same reason as the fact that she had reached the same conclusion:

“... a finding of use is not sufficient to protect against a finding of bad faith – the question for the court is the subjective intention of the proprietor of the trade mark at the time of registration. The fact that a registered mark is later found to have been used as a component part of another mark does not (without more) evidence the existence of the necessary subjective intention.”

98. The judge concluded at [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).”

99. *The 2002, 2005 and 2007 Registrations.* It can be seen from the last sentence quoted in the preceding paragraph that the judge held that her finding in respect of the 1995 Registration also applied to the 2002, 2005 and 2007 Registrations. The judge also held at [253] that her conclusion with respect to the 1995 Registration was supported by evidence of evergreening through the later registrations. She upheld the allegation of evergreening for the following reasons:

“254. As for the 2002, 2005 and 2007 Registrations, I do not consider that Lidl has adduced evidence of subjective intention capable of rebutting the charge of bad faith having regard to the objective indicia of evergreening – in respect of which there is no dispute on the facts that these registrations duplicate, at least in part,

goods and services from earlier registered Wordless Marks. Mr Unterhalter is unable to explain why this approach was taken at the time and I have already explained why I do not consider his evidence to have any probative value in respect of registrations occurring long before the date of that evidence. ...

255. Further and in any event, the inferences of good intention which Lidl invites the court to draw in its Statement of Case on Good Faith are not inferences which I consider appropriate from the matters pleaded. In so far as Lidl seeks to rely on the fact that the 2002, 2005 and 2007 Registrations were EU registrations, that is not now open to them in light of paragraph [57] of the judgment of Arnold LJ. In so far as Lidl relies upon statements made to (i) the United States Patent and Trademark Office ('USPTO') for registration of the Wordless Mark in the USA (at around the time of filing the 2002 Application); and (ii) the USPTO for registration of the Wordless mark in the USA in 2012, I agree with Tesco that such statements are no more than assertions and carry no evidential weight. ...
256. In all the circumstances, I am once again bound to find that the 2002, 2005 and 2007 registrations were designed in part to 'evergreen' so as to avoid sanctions for non-use (an abuse of the trade mark system) and in part to further the policy of registration of the Wordless Mark as a legal weapon. This was in bad faith and I find that these marks were invalid."
100. *The 2021 Application.* The judge rejected the suggestion that the 2021 Application supported Tesco's case on evergreening for four reasons. First, almost 11 years had passed since the 2007 Registration. Secondly, she accepted, by that date, Lidl believed that they had made genuine use of the Wordless Mark and it was not vulnerable to revocation. Thirdly, the Wordless Mark enjoyed its own reputation by 2021. Fourthly, Lidl had given unchallenged evidence explaining their reasons for filing the 2021 Application. There is no challenge by Tesco to this part of her reasoning.

Lidl's claim for copyright infringement

101. Lidl's unchallenged evidence is that the Mark with Text is the product of a three-stage evolution:
- i) the stylised Lidl text was designed in around 1972/73 ("the Stage 1 Work");
 - ii) in 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 ("the Stage 2 Work");
 - iii) in the late 1980s, but prior to 20 November 1987, a square version of the logo was created in the form of a blue square with the yellow circular logo and stylised Lidl text superimposed on it, forming the Mark with Text ("the Stage 3 Work").

102. It is also Lidl's unchallenged evidence that it is probable that all three Works were created by employees of Lidl Stiftung who were German nationals. It is not known who the authors were, and in particular it is not known whether the authors of the Stage 2 Work and the Stage 3 Work were the same or different. Nor is there any evidence as to the process by which any of the Works were created.
103. *Subsistence of copyright.* The only work pleaded by Lidl for the purposes of their copyright infringement claim is the Stage 3 Work. Tesco dispute that the Stage 3 Work was original over the Stage 2 Work. As the judge recorded, it was common ground before her that the test of originality was the "author's own intellectual creation" test described above. The judge nevertheless used the expression "skill and labour" in places in her judgment, apparently reflecting the manner in which the case was argued before her.
104. Tesco submitted that, as the judge recorded the submission at [286], "none of the skill and labour involved in producing the [Stage 1 Work] can be protected by the design of [i.e. copyright in] the [Stage 2 Work] and that, similarly, none of the skill and labour involved in producing the [Stage 1 Work] or the [Stage 2 Work] can be protected by the addition of the blue square in the [Stage 2 Work]".
105. The judge rejected this submission for two reasons. The first was that:
- "287. ... 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 ...
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 ... appears to be that the combination consists of insufficient skill and labour because it is too simple."
106. The judge's second reason was:
- "288. ... 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). ...
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."

107. *Infringement.* Apart from attacking the originality of the Stage 3 Work, Tesco’s principal defence to Lidl’s claim for infringement was that the CCP Signs had been independently designed. The judge found that the CCP Signs had been copied from the Mark with Text. There is no challenge by Tesco to that finding.
108. No doubt because the principal defence was that of independent design, all the judge said on the question of whether the CCP Signs reproduced a substantial part of the Stage 3 Work was the following statement at [299]:

“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.”

The supplemental judgment

109. Tesco contend that, if Lidl’s claims for trade mark infringement and passing off ultimately fail, but Lidl’s claim for copyright infringement succeeds, an injunction to restrain further infringements of the copyright in the Stage 3 Work would be disproportionate. The judge rejected this contention and granted the injunction sought by Lidl. For reasons that will appear, it is not necessary to set out the judge’s reasoning on this question.

The test on appeal

110. It is common ground that, in so far as the appeals challenge findings of fact made by the judge, this Court is only entitled to intervene if those findings are rationally insupportable: *Volpi v Volpi* [2022] EWCA Civ 464, [2022] 4 WLR 48 at [2](v) (Lewison LJ). Equally, it is common ground that, in so far as the appeals challenge multi-factorial evaluations by the judge, this Court is only entitled to intervene if the judge erred in law or principle: compare *Magmatic Ltd v PMS International Group plc* [2016] UKSC 12, [2016] Bus LR 371 at [24] (Lord Neuberger of Abbotsbury) and *Actavis Group PTC EHF v ICOS Corp* [2019] UKSC 15, [2019] Bus LR 1318 at [78]-[81] (Lord Hodge), and see *Re Sprintroom Ltd* [2019] EWCA Civ 932, [2019] BCC 1031 at [72]-[78] (McCombe, Leggatt and Rose LJ), which was cited with approval by the Supreme Court in *Lifestyle Equities CV v Amazon UK Services Ltd* [2024] UKSC 8 at [49] (Lord Briggs and Lord Kitchin).
111. During the course of the hearing I was reminded once again of the wisdom of Lewison LJ’s observations about appeals on questions of fact in *Fage UK Ltd v Chobani Ltd* [2014] EWCA Civ 5, [2014] FSR 29 at [114], which was also cited with approval in *Lifestyle v Amazon* at [48]:
- “iv. In making his decisions the trial judge will have regard to the whole of the sea of evidence presented to him, whereas an appellate court will only be island hopping.
 - v. The atmosphere of the courtroom cannot, in any event, be recreated by reference to documents (including transcripts of evidence).

- vi. Thus even if it were possible to duplicate the role of the trial judge, it cannot in practice be done.”

Evidence in trade mark and passing off cases

112. As will appear, Tesco’s grounds of appeal against the findings of trade mark infringement and passing off involve questions of the assessment of evidence. It may seem surprising that such questions should be controversial in 2024, but given the arguments presented to us it will be convenient to address this topic before turning to consider the grounds of appeal.
113. It is well known that two types of evidence often cause difficulty in trade mark and passing off cases, namely survey evidence and expert evidence. Although no issues arise with respect to either category of evidence in this case, I shall say a few words about them in order to clear the ground for what follows.
114. *Surveys*. Surveys carried out for the purposes of trade mark and/or passing off cases suffer from the same two problems as scientific experiments carried out for the purposes of patent litigation. First, they are expensive both to carry out and to analyse in court. Secondly, unless considerable care is taken, the money can be wasted because the evidence is not probative on any issue before the court. Accordingly, the permission of the court must be obtained before carrying out a survey or experiment (or, if that is not possible for good reason, at least before adducing it in evidence). In the case of a survey, permission will only be given if the evidence appears likely to have real value such that its cost is justified by its likely utility to the resolution of the dispute: see *Interflora Inc v Marks & Spencer plc* [2012] EWCA Civ 1501, [2023] FSR 21 (“*Interflora CA I*”) and *Interflora Inc v Marks & Spencer plc* [2013] EWCA Civ 319, [2023] FSR 26 (“*Interflora CA II*”). In order to be sufficiently reliable, a survey must comply with the guidelines laid down by Whitford J in *Imperial Group Ltd v Philip Morris & Co* [1984] RPC 293 at 302-303. Survey evidence complying with those guidelines has sometimes been admitted on the issue of acquired distinctive character, as it was in the present case (the YouGov survey). It is very difficult, however, to design a compliant survey directed to infringement issues such as likelihood of confusion. This is not a question of statistical significance. It is partly due to the inherent problem of trying to test people’s unconscious assumptions by asking them questions and partly due to the difficulty of replicating the real world situation faced by consumers in a survey. As Lewison LJ pointed out in *Interflora CA I* at [64], [76] and [143]-[146], if a survey is flawed and therefore not admitted in evidence, then it cannot be right to admit evidence from witnesses (particularly if selected by only one party) concerning the witnesses’ reactions when participating in such a survey.
115. Like experiments which have already been carried out for non-litigious purposes, the permission of the court is not required to adduce in evidence surveys which have already been carried out for non-litigious purposes. This is partly because the costs of carrying out such surveys have already been incurred and therefore will not add to the costs of the litigation, and partly because of the inherent likelihood that surveys carried out for business purposes will have some reliability. This is particularly true where the party seeking to rely upon the survey is not the one which carried it out.
116. *Expert evidence*. Apart from the evidence of market research experts called to testify to the reliability or otherwise, and interpretation, of surveys, expert evidence suffers from

similar problems. It is expensive, but it is likely not to be probative. The reason why expert evidence is not likely to be probative is because of the difficulty of finding witnesses who in truth have relevant expertise. It is very doubtful whether it is possible to find anyone who is an expert on likelihood of confusion, for example. An experienced Chancery judge will almost certainly have more expertise on that question than any so-called expert: see *The European Ltd v Economist Newspaper Ltd* [1998] FSR 283 at 291 (Millett LJ) and *eSure Insurance Ltd v Direct Line Insurance plc* [2008] EWCA Civ 842, [2009] Bus LR 438 at [62] (Arden LJ), [72]-[77] (Jacob LJ) and [80]-[82] (Maurice Kay LJ).

117. *Other kinds of evidence.* It should be emphasised that trade mark and passing off disputes can be, and often are decided, either without any evidence at all or with no evidence other than evidence as to the use, distinctive character and reputation of the trade mark or other indicium in issue. This happens routinely in intellectual property offices in the UK and in the EU, and in many court cases in the EU. The court or tribunal puts itself into the position of the average consumer, or of ordinary consumers, of the relevant goods or services and then decides the relevant issue. The fact that evidence is often unnecessary does not, however, mean that evidence, where it is available, is of no value. As the Federal Court of Australia observed in *Arnotts Ltd v Trade Practices Commission* (1990) 97 ALR 555 at 607, “information is preferable to intuition”.
118. When deciding issues such as likelihood of confusion, it can be of value for the court to receive evidence as to the shopping habits of consumers of the relevant goods or services: for example, as to whether they are in the habit of reading the label on an item before selecting it for purchase or whether they simply rely upon the appearance of the packaging. This is not in itself evidence of confusion, but it may be evidence of circumstances giving rise to a likelihood of confusion: see Lewison LJ in *Interflora CA I* at [103]-[106] and [137]. In some circumstances, evidence of this nature can properly be given by means of factual evidence from a witness with experience in the relevant trade: see *Fenty v Arcadia Group Brands Ltd* [2013] EWHC 1945 (Ch), [2013] FSR 37.
119. In this jurisdiction it is common in trade mark and passing off cases for the parties to search for evidence of actual confusion on the part of consumers. Typically this will involve searching the parties’ disclosure documents for complaints or comments by consumers reacting spontaneously to the sign in question. If documents evidencing apparent confusion are found, they will be relied upon by the party alleging that there is a likelihood of confusion. If such documents are not found, their absence will be relied upon by the party denying that there is a likelihood of confusion (for a recent example, see *Match Group LLC v Muzmatch Ltd* [2023] EWCA Civ 454, [2023] Bus LR 1097). Evidence suggestive of confusion may also be elicited in other ways such as the famous supermarket experiment in *Reckitt & Colman* (cited above) or the circular email to members of the solicitors’ firm in *Neutrogena v Golden* (cited above). Either way, evidence suggestive of confusion is likely to carry more weight if the relevant witnesses, or at least some of them, are called to give evidence, because then it will be possible to probe the reasons for their reactions. In many cases, however, it is not possible to adduce evidence from the persons concerned, either because they are uncontactable or because they are unwilling voluntarily to give evidence and should not be compelled to do so. In such circumstances the court must make what it can of the documentary evidence, which in some cases may be little.

120. At some points in his submissions, counsel for Tesco came close to submitting that evidence of this nature was irrelevant, and therefore inadmissible, because no single real consumer could stand proxy for the average consumer in a trade mark case or for ordinary consumers in a passing off case. When asked if he was really submitting that such evidence was inadmissible, however, counsel for Tesco retreated and accepted that it was admissible. He was right to do so. Such evidence is relevant not because the real consumers involved stand proxy for the average consumer or for ordinary consumers, but because the evidence may assist the court to gauge the perceptions of the average consumer or ordinary consumers. A variant of the same argument which counsel for Tesco advanced is that such evidence is not probative because it is not statistically significant. The answer to this version of the argument is that the evidence does not have to be statistically significant in order to give the court insight into the perceptions of ordinary consumers. (Conversely, a statistically significant survey may be useless for other reasons.) If there is reason to think that the consumers in question are idiosyncratic in one way or another, then the evidence is of no assistance. If there is no apparent indication of idiosyncrasy, however, it may be of assistance. It follows that the court must evaluate such evidence with caution and must not treat it as determinative of the issue which the court has to decide. Subject to those caveats, the court may give the evidence such weight as the court considers appropriate in the circumstances of the case. Depending on the court's assessment of the evidence and the nature of the case, it may have no weight, some weight or considerable weight.
121. This brings me to question of the role of the trial judge. In my view the best description of the correct approach to the assessment of likelihood of confusion in trade mark cases and misrepresentation in passing off is the following passage from the judgment of Jacob J at first instance in *Neutrogena v Golden* at 482 addressing the question in passing off, which the judge cited in the main judgment at [263](iv):

“The judge must consider the evidence adduced and use his own common sense and his own opinion as to the likelihood of deception. It is an overall ‘jury’ assessment involving a combination of all these factors, see *‘GE’ Trade Mark* [1973] R.P.C. 297 at page 321. Ultimately the question is one for the court, not for the witnesses. It follows that if the judge’s own opinion is that the case is marginal, one where he cannot be sure whether there is a likelihood of sufficient deception, the case will fail in the absence of enough evidence of the likelihood of deception. But if that opinion of the judge is supplemented by such evidence then it will succeed. And even if one’s own opinion is that deception is unlikely though possible, convincing evidence of deception will carry the day. ... *Reckitt & Colman* ... is a recent example where overwhelming evidence of deception had that effect. It was certainly my experience in practice that my own view as to the likelihood of deception was not always reliable. As I grew more experienced I said more and more ‘it depends on the evidence’.”

Tesco’s appeal against the findings of trade mark infringement and passing off

122. Tesco’s first, and principal, ground of appeal against both the judge’s finding of trade mark infringement and her finding of passing off is that the judge was wrong to find

that the average consumer seeing the CCP Signs would be led to believe that the price(s) being advertised had been “price-matched” by Tesco with the equivalent Lidl price, so that it was the same or a lower price. In the absence of such a finding, Tesco say that there was no basis for a finding of either trade mark infringement or passing off. Tesco also advance grounds of appeal challenging the judge’s conclusions on detriment, unfair advantage and due cause in the context of the trade mark infringement claim.

The price-matching allegation

123. As is apparent from my description of Tesco’s first ground of appeal, and as counsel for Tesco confirmed in oral argument, Tesco’s appeal treats Lidl’s price-matching allegation as an overarching issue. As can be seen from the parties’ written closing submissions at trial, that is not how the case was argued before her. Rather, the case was argued by consideration of each of the issues between the parties in respect of, first, trade mark infringement, and secondly, passing off, in logical sequence. Unsurprisingly, that is also how the judge approached the matter in her main judgment.
124. This is relevant for two reasons. First, it bears upon some of Tesco’s criticisms of the judge’s reasoning. As counsel for Lidl pointed out, the judge’s reasoning addresses the way the case was argued before her.
125. Secondly, it gives rise to a question as to whether Lidl can succeed in their claim for trade mark infringement if they fail on their claim for passing off. Although it might theoretically be possible for the trade mark infringement claim to fail solely on the ground that Tesco’s use of the CCP Signs was with due cause and for the passing off claim nevertheless to succeed, counsel for Lidl realistically accepted that that was an unlikely result. Counsel for Lidl also accepted that the unfair advantage claim and the passing off claim were based on the price-matching allegation. That leaves the question of whether the detriment claim can succeed if the unfair advantage claim and the passing off claim fail.
126. This question only arises if Tesco’s challenge to the judge’s conclusion on the price-matching allegation succeeds. I shall therefore address that first. It is convenient to do so by reference to the judge’s reasoning on misrepresentation in passing off, because it is in that context that the judge most directly addressed the allegation.
127. As noted above, misrepresentation in passing off cases is a question of fact. It follows that the judge’s conclusion can only be overturned if it is rationally insupportable.
128. As I have also noted, Tesco do not now dispute that, if the representation alleged by Lidl was made, it was false. Nor do Tesco dispute that, as a matter of law, it is irrelevant that the majority of consumers would not be deceived if a substantial number of consumers would be.
129. Tesco make four criticisms of the judge’s reasoning on this issue. The second and third criticisms were not pressed in oral argument, but nevertheless I shall address all of them.
130. The first criticism is that the judge should have reached a conclusion purely from her own common sense and experience and should have ignored the evidence relied upon by Lidl, alternatively the judge should have formed a provisional view based on her

own common sense and experience and only then considered whether the evidence relied upon by Lidl confirmed or contradicted that provisional view.

131. Leaving aside the fact that neither version of this submission appears to have been advanced by Tesco before the judge, I do not accept either version of it. Given that Tesco did not object to the admission of the evidence relied upon by Lidl, it would have been an error of principle for the judge simply to have ignored that evidence. She was required carefully to evaluate the evidence and decide what assistance, if any, she derived from it. That is what she did. She was not required to form her own provisional view before considering the evidence, and was entitled to reach her conclusion after doing so. To put the same point another way, the judge could have taken the view that Lidl's case that the CCP Signs conveyed a price-matching message was an unlikely one, and yet still concluded that it was made out on the evidence. On the other hand, what I would accept is that, since the judge relied exclusively upon the evidence without expressing her own view independently of the evidence, her decision can only stand if it was one which was open to her on that evidence.
132. Tesco's second criticism was that the judge erred in principle in taking into account the evidence of Messrs Berridge and Paulson and the Lidl Vox Populi because such evidence could not stand as representative or indicative of the response of the average consumer (or, presumably, of ordinary consumers). As discussed above, during oral argument counsel for Tesco did not contend that such evidence was irrelevant and therefore inadmissible. Given that it is relevant, the judge's task was to evaluate it with care. As I have said, that is what she did.
133. Tesco's third criticism is that the judge erred in principle in taking the survey by The Source into account without deciding whether it was statistically significant. This criticism presupposes that a survey which has been carried out for business purposes can only be taken into account if it is statistically significant. Again, however, counsel for Tesco did not in the end contend that such evidence was irrelevant and therefore inadmissible. Again, the judge was required to evaluate it with care and that is what she did. I shall return to this point below.
134. Tesco's fourth, and most important, criticism is that the judge was wrong to conclude that the evidence supported a finding of deception. Tesco argue that, properly analysed, the evidence did not support such a finding. It is therefore necessary to consider the evidence the judge relied upon, bearing in mind that the question for this Court is not whether we would have reached the same conclusion, but whether there was evidence which entitled the judge to make that finding. Although the judge relied upon evidence of origin confusion in the context of her findings of similarity and a "link", she did not rely on that evidence when it came to misrepresentation. The same goes for the judge's reliance upon a number of internal warnings at Tesco of the possibility that the CCP Signs might be misattributed to Lidl. I shall therefore confine my attention to the evidence she did rely on in the context of misrepresentation. As explained above, the issue is not now whether, if the price-matching message was conveyed, it was false, but whether the judge was entitled to find that a substantial number of consumers had been led by the CCP Signs to believe that Tesco's Clubcard prices were the same or lower than Lidl's for equivalent goods.
135. *Berridge and Paulson*. The judge summarised the evidence of Messrs Berridge and Paulson as follows:

- “16. Mr Paulson first encountered the CCP Signs in September 2020 at the outset of the CCP promotion. It was his evidence that he had seen (on his phone) a tweet from Tesco which included a short clip from a tv advert showing price drops and that he had then tweeted a response in the following terms ‘Suppose it’s no coincidence that the offer notices appear to resemble a certain other supermarkets logo’. He used the hashtag ‘cleveradmen’. Below his tweet he included an image of the Lidl Mark with Text, pointing out in his statement that this tweet was intended to be a reference to Lidl. In summary, his evidence was that the Tesco advert reminded him of Lidl because the ‘offer notices’ (by which he meant the CCP Signs) were ‘uncannily similar to the Lidl logo’ and that he had used the hashtag ‘cleveradmen’ because he ‘got the impression’ that the ad men for Tesco had looked at budget supermarket signs ‘and tried to hint at Lidl, to say their prices were also as low as Lidl’s’. He went on to say that his understanding of the CCP Sign is that ‘it is saying that on the products that have been given a ‘Clubcard’ price, the prices you can get for those products is the same or perhaps a bit better than the prices at Lidl’. Under cross examination, he accepted that he had realised that the advert was not for Lidl, and he acknowledged that the Tesco promotion had not deterred him from shopping at Lidl.
17. Mr Berridge, who was a frequent shopper with Lidl, had visited the Tesco website in November 2021 looking for a specific product. Upon visiting the website he described his confusion, saying he thought he had visited the Lidl website and that this caused him to do a ‘comedy double take’ at the screen. He checked and saw that it was the Tesco site but the logo had tripped him up because it was ‘so similar to the Lidl logo’. Under cross examination, Mr Berridge said that he had not initially seen the writing on the logo but that even when he did see it he remained confused, even though he noticed that Lidl was not referenced. He observed that what he considered to be ‘blatant mimicry’ had made him angry and that it had certainly not encouraged him to shop at Tesco.”
136. The judge considered the witnesses’ evidence firstly in relation to the question of whether the CCP Signs were similar to the Mark with Text at [93], and secondly with regard to the question of whether the use of the CCP Signs would call the Mark with Text to mind so as to give rise to a “link” at [115]-[120]. As noted above, Tesco do not challenge those findings. Tesco do, however, challenge the judge’s reliance upon the evidence of these witnesses at [177] and [274] in support of her findings of unfair advantage (trade mark infringement) and misrepresentation (passing off).
137. The judge explained that Mr Paulson had confirmed that he had interpreted the message from Tesco in the television advert as being that he was “guaranteed the same prices on these products” as at Lidl. “To similar effect”, she said, Mr Berridge’s evidence was

that he had regarded the CCP Sign on the Tesco website as “Tesco saying that they can do the same thing as Lidl with their own prices”. The judge concluded at [120]:

“That the evidence of Mr Paulson and Mr Berridge is consistent appears to me to be significant. As I have said, it was not suggested to either witness that he was confusing Lidl with Aldi, or that he was more suspicious than the average consumer. Independently, each man perceived the message portrayed by the CCP Signs in a similar way and was sufficiently annoyed by what he perceived to be underhand tactics on the part of Tesco that he found time to make his views known. [Counsel for Tesco] did not seek to identify any grounds (whether in cross examination or in submissions) on which Mr Paulson or Mr Berridge should be regarded as ‘outliers’ when it came to considering the perceptions of the reasonably observant average consumer. ...”

138. Tesco make two criticisms of this reasoning. First, Tesco contend that the judge was not justified in treating Messrs Berridge and Paulson as being representative of ordinary consumers. As I have already discussed, counsel for Tesco did not in the end submit that this evidence was inadmissible. He was right not to do so, because evidence of this kind has frequently been admitted in passing off cases. The judge evaluated the evidence with caution, and she did not treat it as determinative. Subject to the next point, the weight to be given to it was a matter for her. More importantly, counsel for Tesco submitted that both witnesses were atypical. The judge did not understand any such submission to have been made to her. This is explained by the fact that no such submission was made in respect of Mr Berridge in Tesco’s written closing submissions, while all that was said about Mr Paulson is that, if he interpreted the CCP Signs as conveying a price-matching message, he was “a statistical outlier”. In this Court counsel for Tesco drew attention to the fact that, as Mr Berridge candidly explained, he had applied to register a trade mark, but had withdrawn the application due to a conflict with unspecified Lidl trade marks, and had contacted Lidl’s lawyers to convey his reaction to the CCP Signs. I accept that this is a reason for treating Mr Berridge’s evidence with particular caution, but as I will explain his evidence is less relevant than that of Mr Paulson anyway. Counsel for Tesco did not draw attention to any comparable factor affecting Mr Paulson’s evidence.
139. Secondly, Tesco contend that the evidence did not actually support Lidl’s case because it did not show that either man had been misled. In the case of Mr Paulson, I do not accept this contention. As the judge explained, his evidence was that he had interpreted the CCP Sign in the television advert as conveying a price-matching message.
140. In the case of Mr Berridge, however, his evidence did not go quite that far. Rather, he interpreted the CCP Sign on the Tesco website as conveying the message that Tesco could “do the same thing as Lidl with their own prices”. That is not a price-matching message, but rather a message that Tesco are emulating Lidl in offering low prices. The difference is a subtle one, but nevertheless it is not insignificant in this context. Although the judge described the evidence of Messrs Berridge and Paulson as “to similar effect” at [119] and “consistent” at [120], I think that she did implicitly recognise this difference at [177] (quoted in paragraph 75 above), where she relied upon

the evidence of Mr Paulson, but not that of Mr Berridge. I shall address the significance of this after considering the other two categories of evidence the judge relied on.

141. *Lidl Vox Populi*. The judge considered this evidence firstly in relation to the question of similarity at [94], and secondly with regard to the question of a “link” at [109]-[114]. Again, Tesco challenge the judge’s reliance upon this evidence in support of her findings of unfair advantage and misrepresentation (although it is not expressly mentioned in the former context, it seems clear that the judge did rely upon it in both contexts).
142. Since there is no challenge to the judge’s findings of similarity and a link, it is not necessary to consider the messages in the Lidl Vox Populi which evidenced consumers noticing the similarity between the CCP Signs and the Mark with Text, save that it is worth noting that all of the consumers in question mentioned the blue and yellow features of these signs and none seems to have noticed that the CCP Signs do not include the red line which forms part of the Mark with Text. There were also messages which Lidl relied upon as showing that consumers thought that the CCP Signs were conveying the message that Tesco were matching Lidl prices. The following are examples quoted by the judge:

“Tesco price match with Lidl meaning I can just shop at tesco. The store provides all the food stuffs I like to purchase.”;

‘tesco price matches against lidl’ (25.10.20 Twitter message);

‘price match Lidl on most things’ (6.11.20 Twitter message);

‘...But I do like how you try to price match places like Lidl and Aldi two stores which are low on prices.’ (5.10.20. message to Tesco);

‘...Still Tesco is using a ripped off Lidl logo for the club card claiming that customers are getting a good deal if they get the club card.’ (11.11.20 Message to Tesco);

‘lidl price match great discounts for club card members good range of products for size of store good reductions on yellow label items’ (12.1.21 Message to Tesco).”

143. The judge’s assessment of this evidence was as follows:

“113. On balance, I accept Lidl’s submissions that the Lidl Vox Populi cannot readily be dismissed in the manner suggested by Tesco. It is representative of spontaneous, unprompted comments from members of the public with, as [counsel for Lidl] put it, ‘no dog in the fight’. Whilst there is clearly evidence from Mr Hing of a small number of occasions when individuals have been confused between Lidl and Aldi (which means that those responses must be discounted as coming from the reasonably observant and circumspect average consumer) I do not consider that the same may be said for the majority of the responses. The Lidl Vox

Populi clearly contains instances of connections being drawn between the CCP Signs and the Mark with Text, connections which appear to be prompted by a perception of price matching by Tesco to Lidl. Furthermore, as Lidl correctly submits, the reference to ‘Clubcard’ on the CCP Signs does not appear to be serving to disabuse customers of any value connection with Lidl’s reputation for low prices. On the contrary, it would appear that there is an understanding that the special Clubcard prices are the very prices that are being matched to Lidl: *‘I now like the fact you price match with Lidl and the special price for Clubcard holders is great – I saved quite a bit today’*.

114. Tesco points out that a reasonably circumspect and observant consumer will of course know which store she is in, which website she is looking at and whose Twitter feed she is reading and I accept that this is part of the relevant context of Tesco’s use of the CCP Signs. However, in making this submission it appears to me that Tesco has failed to account for (i) the confusion experienced by consumers in respect of OOH advertising (and potentially other low attention forms of advertising such as press advertising where there are no aural or visual prompts to dispel confusion); and (ii) the link to Lidl’s reputation as a discounter supermarket that members of the Lidl Vox Populi have made. For the purposes of Lidl’s case, it is not necessary for it to establish that the average consumer would be confused as to origin, although it appears plain that (at least in some contexts) there would be such confusion, rather that a connection has been made in that consumers think that Tesco products to which the CCP Signs are attached are the same price as the same products when sold at Lidl – the evidence in the Lidl Vox Populi appears to me to bear out the making of such a connection.

...

121. Standing back, I am inclined to think that Lidl’s submissions to the effect that the evidence from the Lidl Vox Populi is best understood as representing the tip of the iceberg are likely to be correct. In my judgment, the fact that so many members of the public sent unprompted messages to Tesco or Lidl following the launch of the CCP Signs identifying a perceived link between those signs and the Lidl Logo weighs strongly in favour of Lidl’s case.
122. I bear in mind that evidence of a link being drawn is always going to be difficult to come by. The average consumer seeing the CCP Signs may not appreciate that they have made a subconscious link, or, if they do, that the link is erroneous or that they have some other reason to complain. Of the percentage of people that do appreciate this, relatively few are likely to regard the issue as having sufficient significance to merit spending the

time communicating that fact to Tesco or to Lidl. One of the responses is ‘*You say you are price matched to Lidl, but your Pepsi Max costs £1.50 and Lidl’s is £1.49, that’s not a price match*’. Few consumers will take the time to investigate in this way, understand that there is only a penny difference, but nevertheless send a message. That this individual took the trouble to do so is therefore of some significance, in my judgment. In the circumstances, I reject Tesco’s case ... that in the context of the enormous number of people who were exposed to the first salvo of Tesco’s Clubcard Prices promotion (some 50% of the country) ‘it is perfectly proper to think that all the vox populi are outliers’.”

144. Tesco again make three criticisms of this reasoning. First, Tesco again contend that the judge was not justified in treating the senders of these messages as being representative of ordinary consumers. Again, counsel for Tesco did not in the end submit that this evidence was inadmissible. Again, he was right not to do so, because evidence of this kind has frequently been admitted in passing off cases. The judge evaluated the evidence with caution, and she did not treat it as determinative. Subject to the next two points, the weight to be given to it was a matter for her.
145. Secondly, Tesco submit that the judge was wrong to place any weight upon this evidence when, apart from Messrs Berridge and Paulson, the senders of the messages had not been called to give evidence, and so it had not been possible to probe their reasons for making the statements relied upon. As the judge was aware, however, Tesco had not provided contact details for many of the individuals in question until it was too late for Lidl to obtain evidence from them. Lidl called the only two people for whom they had contact details and who were willing to give evidence. Given that Messrs Berridge and Paulson had been called, the judge was entitled to treat their evidence as supplementing the evidence of the other senders.
146. Thirdly, Tesco contend that the evidence does not support Lidl’s case. Tesco point out that none of the messages which suggest a perception of price-matching refer to any similarity between the CCP Signs and the Mark with Text. On its own, I do not find this point persuasive, since in the absence of an alternative explanation it seems reasonable to infer, as the judge did, that it was the similarity that gave rise to that perception.
147. More importantly, Tesco rely upon the evidence of Mr Hing as showing that there is an alternative explanation, namely that the consumers in question had confused Lidl with Aldi, against whom Tesco *was* carrying out a price-matching campaign. Mr Hing considered eight messages where the product was mentioned. In none of these cases was the product the subject of the Clubcard Prices promotion, whereas in five instances the product appeared to be the subject of the Aldi Price Match promotion. One case was from Ireland where the CCP Signs are not used, and two involved products which were not the subject of either campaign.
148. The judge considered Mr Hing’s evidence at [111]. She gave five reasons for concluding that it did not assist Tesco. Ignoring reasoning which concerned origin confusion, her remaining reasons were as follows:

- “ii) Second, I reject the suggestion that a proper inference (based on a sample of 8 respondents) is that all of the so-called ‘equivocal’ references to price matching identified by Tesco (running to over 70 examples) must have been intended as references to Aldi. Such an inference would not be consistent ... with the fact that, while Ms Farrant candidly accepts that Lidl is sometimes mistaken for Aldi, she does not say that this occurs most of the time, or even a substantial percentage of the time, and nor was this put to her. Indeed her evidence, as I understood it, was that Lidl’s advertising campaign over the last few years has done much to minimise instances of confusion between Aldi and Lidl.
- iii) Third, it is clear from a significant number of the Lidl Vox Populi that they have not mistaken Lidl for Aldi because they are referring to them both, the inference being that they are clearly capable of distinguishing between them. I accept Lidl’s submission that it may very well be that because the Aldi Price Match Logo is often presented in close proximity to the CCP Signs, that has itself served to reinforce the perception of price matching in relation to Lidl (i.e. in addition to price matching with Aldi).
- iv) Fourth, it was not suggested to Mr Paulson or Mr Berridge that they had mistaken Lidl for Aldi.
- v) Fifth, it seems to me to be a reasonable inference that many members of the Lidl Vox Populi who thought there was a price match to Lidl, thought so because of the use of the blue and yellow background to the CCP Signs. I consider that the fact that many other comments from the Lidl Vox Populi specifically draw attention to the similarity in the colours provides clear support for such an inference.”
149. While Tesco criticise this reasoning, I consider that the judge was entitled to conclude for the reasons she gave that Mr Hing’s evidence did not establish that the perceptions of price-matching evidenced in the Lidl Vox Populi were entirely explicable as being due to confusion between Lidl and Aldi.
150. *Source survey.* Prior to launching its Club Card campaign, Tesco commissioned The Source to carry out consumer surveys designed to enable it to understand whether its planned design for the CCP Signs was likely to be successful in communicating the associated offer message when compared to existing signage. Tesco asked The Source to carry out testing that would cover different aspects of Tesco’s proposed uses of the new icon, for example on Tesco’s website and on shelf edges in store. The Source designed four tests with this objective in mind.
151. The first test (“Test 1”), on which both parties focused at trial, concentrated specifically on testing consumer responses to shelf edge labels by comparing their responses to Tesco’s existing value label (a yellow tile) with their responses to three different options for Clubcard Prices shelf edge labels. These options were labelled 1-4 for the purposes of the test, with Option 1 representing the existing label, Option 2 showing the Clubcard

Prices text on a yellow tile and Options 3 and 4 both including a CCP Sign. Option 4 was in fact the version that Tesco ultimately decided upon, while Option 3 also included a separate yellow tile.

152. Test 1 was conducted in June 2020. 800 shoppers were selected from a consumer panel by questions designed to identify Tesco shoppers. The group was divided into four, with each group of 200 people seeing one of the four label options appearing on an image of supermarket shelves. The test proceeded in the following manner:
- i) The participants were permitted to view the image for 15 seconds and were then asked whether anything stood out as being different to what they would usually expect to see in Tesco and, if so, what. They were also asked to rate what they recalled seeing by reference to a number of measures such as “value for money”, “prices are fair” and “rewards customer loyalty”.
 - ii) Next the four groups were each shown the individual label format matching the labels they had seen on the shelves and they were again asked the same questions.
 - iii) Finally, the four groups were all shown all four label options and asked to rate which did best on the measures that had been used previously.
153. The Source reported on the outcome of Test 1 in a presentation. In summary, this presentation showed that:
- i) The immediate response to the image of the supermarket shelves was very similar across all four options. Between 26% and 31% of people in each of the four groups noticed something different about the images. However, The Source recorded that the shelf edge labels went largely unnoticed and commented that “This isn’t surprising and tallies with what we’ve seen across previous research shelf edge labels are digested more subconsciously and its unlikely that consumers would call them out”.
 - ii) In relation to Options 3 and 4, The Source observed that “the blue and yellow circle did more than just draw the eye... consumers were then looking for something different to a normal offer and tried to connect the dots themselves”. This resulted in 6% of participants mentioning Lidl/Aldi in relation to Option 3 (i.e. 4 people) and 4% of participants mentioning Lidl/Aldi in relation to Option 4 (i.e. 2 people). Some of the comments included: “*Lidl logos on price labels*”; “*price comparisons with Lidl?*”; “*The Lidl price comparison*”; “*There was a Lidl price mark at the bottom*”.
 - iii) At this first stage, Option 2 stood out in the ratings.
 - iv) When the labels were shown in isolation (the second stage), the identification of differences increased substantially with 87% and 88% respectively of participants identifying something different in relation to Options 3 and 4. All the options were now identified as doing an effective job of communicating Clubcard Prices.

- v) When all four labels were shown together (the third stage), Options 1 and 4 were rated higher on nearly all measures than the other two options.
 - vi) This led The Source to advise that, when seen independently, Option 2 performed the best, but that “If Tesco really want customers to notice/call out a different message (one about loyalty and Clubcard) then Option 4 is the way forward”.
154. Lidl submitted to the judge that the results showed a significant number of Tesco shoppers understood the CCP Signs in Options 3 and 4 to indicate a price match in the first stage of the test. Tesco argued that Test 1 was destructive of Lidl’s case, in particular because the initial misapprehensions of the few people who mentioned Lidl at the first stage of the test vanished once they were focused on the label at the second stage.
155. Lidl’s expert witness Mrs Sutton gave evidence about Test 1. She explained that the questions used in Test 1 were not designed for quantitative analysis, and therefore the application of statistical significance tests would not normally be appropriate. The judge accepted Mrs Sutton’s evidence that Test 1 was specifically designed to test the reaction of Tesco shoppers to the images shown and that, accordingly, “they would be Tesco-focused, so as to tend to elicit responses about Tesco”. Against that background, the judge regarded it as significant that a number of participants nevertheless mentioned an association of the Options 3 and 4 images with Lidl. The judge did not consider it significant that Option 3 included a yellow tile as well as the CCP Sign.
156. In addition to these points, the judge gave a number of other reasons at [132] for rejecting Tesco’s argument:
- “vi) ... I reject Tesco’s submission that the mere fact that the responses from people who had made the link with [Lidl] and Aldi came at the first stage of Test 1 means that those responses could be ignored, or ‘filtered out’ on the basis that they do not represent the reactions of the reasonably observant average consumer. Tesco has no expert evidence to support such a proposition.
 - vii) Furthermore, I did not understand Mrs Sutton’s cross examination to undermine her evidence in the Annex to her report to the effect that it was ‘a notable result that Lidl was raised spontaneously by respondents to the Test 1 survey’ particularly given its focus on Tesco shoppers. As she said, ‘considering the focus on Tesco...one might consider it surprising or unlikely any other supermarket is mentioned. The connection with Lidl or Aldi also appears to be of significance, in that it was not part of an overall background of “noise” insofar as there was no mention of any other supermarkets in the same way’.
 - viii) Whilst it is true that some of the individuals who had identified Options 3 and 4 with Lidl or Aldi at stage 1 subsequently appear to have appreciated that they were wrong on this score, this

required them to pay attention to the text. As Tesco shoppers they would obviously have been familiar with the Clubcard concept and it is unsurprising that when looking at the labels close up and in isolation, this is what they focused on. However, I agree with Lidl that the subconscious message, specifically identified by The Source, had already been conveyed by the time the participants had reached the second stage. That this is so is entirely consistent with the evidence available from the Lidl Vox Populi and, in particular, the evidence of Messrs Paulson and Berridge, both of whom appreciated that they were looking at a Tesco Clubcard sign, but nevertheless drew an association with Lidl's reputation for value."

157. The judge concluded at [133]:

"Standing back, I do not need to decide that the Source Survey is statistically significant or quantitatively sound. Equally I certainly cannot draw from it any conclusion as to the percentage of the population that may have associated the CCP Sign with the Lidl Logo. However, in my judgment the Source Survey is qualitatively significant for the reasons I have identified. As Lidl said in closing, echoing Mrs Sutton's evidence, the respondents to the Source Survey were primed to think 'Tesco', but a number of them still answered 'Lidl'. This appears to me also to be consistent with the evidence from the Lidl Vox Populi, which in itself serves as a cross check in the exercise of determining whether the participants to the Source Survey who identified an association can properly be identified as average consumers."

158. Tesco argue that, even if the Test 1 survey was admissible, the judge was wrong to give it any weight when it had not been shown to be statistically significant. I disagree. As the judge explained, not only was the survey designed by a reputable market research company for Tesco's business purposes, but also it was not designed to be statistically significant. Rather, it was designed to have qualitative significance. The judge was entitled to treat it in the same way. The judge did not make the mistake of treating it as determinative of any issue she had to decide. Rather, she treated it as one piece of evidence among a number of others which assisted her to gauge the perceptions of ordinary consumers, including their subconscious reactions.
159. Tesco also argue that the small numbers of people who were confused at the first stage of Test 1 cannot support a finding that substantial numbers of consumers were deceived by the CCP Signs. This argument falls into the trap that the judge carefully avoided of treating the survey as having quantitative significance.
160. *Conclusion.* At first sight, the judge's finding that a substantial number of consumers would be misled by the CCP Signs into thinking that Tesco's Clubcard Prices were the same as or lower than Lidl's prices for equivalent goods is a somewhat surprising one. As Tesco emphasise, the CPP Signs make no reference either to Lidl or to price-matching, they are a part of promotion concerning Tesco's own prices for Clubcard holders and they are quite different to the contemporaneous Aldi Price Match signs. On

the other hand, as counsel for Lidl submitted, the decision is perhaps less surprising when it is borne in mind that the judge found that the Wordless Mark had become distinctive of Lidl through use of the Word with Text, that the judge found that the CCP Signs would call the Mark with Text to mind and that it is common ground that Lidl have a reputation for low prices. In any event, it is not unknown for judges hearing passing off cases to make findings of deception that seem surprising to lawyers and judges who, unlike ordinary consumers, are aware of the issue and who have not heard the evidence. In the present case the judge's finding was based upon the three strands of evidence I have discussed above. The judge was not only entitled to place some weight on each of those strands, but also to regard each of the three strands as reinforcing the other two. I have concluded that there is a small flaw in her reasoning in that she placed more weight on the evidence of Mr Berridge for this purpose than was appropriate, but I do not think that this undermines the rest of her reasoning. Moreover, it has to be remembered that the judge had the advantage of being immersed in all of the evidence, whereas this Court has only been asked to consider selected parts of the written record. The judge took into account, as Tesco urged to her to do, the general problem of misattribution in the industry and Tesco's evidence that they intended to convey a clear message about Clubcard Prices, and she was entitled to conclude that neither point was a complete answer to Lidl's case. Standing back, I am not persuaded that her finding was rationally insupportable.

161. It follows that Tesco's appeal against the finding of passing off must be dismissed. That just leaves the following issues with regard to trade mark infringement.

Unfair advantage

162. Tesco's only challenge to the judge's finding of unfair advantage is that the judge was wrong to find that there had been a change in the economic behaviour of consumers. This issue stands or falls with the question of price-matching. Tesco accept that, if Lidl's price-matching allegation is made good, then that would be evidence of a change in the economic behaviour in consumers. Equally, Lidl accept that their pleaded case on unfair advantage was based on the price-matching allegation even if the judge's reasoning was more broadly expressed in places.

Detriment

163. Tesco make the same challenge to the judge's finding of detriment as to her finding of unfair advantage, namely that the judge was wrong to find that there had been change to the economic behaviour of consumers. I shall consider this issue on the assumption, contrary to my conclusion above, that Lidl have not made out their price-matching allegation. Tesco contend that there is no other basis for a finding of a change to the economic behaviour of consumers.
164. Tesco do not challenge the judge's finding that Tesco's use of the CCP Signs diluted the distinctiveness of the Mark with Text. Rather, Tesco contend that that is not sufficient absent a consequential change in the economic behaviour of consumers. Lidl do not dispute that proposition as a matter of law, but submit that the judge was entitled to find that there had been such a change.
165. In addressing these arguments the first point to note is that the judge's conclusion was not, at least explicitly, based on Lidl's price matching allegation. It was based on two

findings. The first was that Tesco's Clubcard Prices campaign had been successful in slowing the switching from Tesco to Lidl (and Aldi) that was otherwise occurring. The second was that Lidl had felt obliged to engage in corrective advertising promoting its lower prices compared to Clubcard prices. Tesco do not challenge the first finding. Although Tesco do challenge the second of these findings, it was squarely based on evidence of Ms Farrant which the judge was entitled to accept.

166. Counsel for Tesco argued that the judge's finding of a change in economic behaviour was implicitly based on Lidl's price matching allegation, and that in any event it was unsustainable if that allegation was not made good.
167. I do not accept these arguments. It seems to me that the judge's finding was based on the case Lidl pleaded in paragraph 25 sub-paragraphs (b)-(d) (quoted in paragraph 48 above). Tesco do not contend that it was not open to Lidl to advance that case unless the judge upheld the price-matching allegation. In my judgment that case is in principle capable of sustaining a finding of a change in economic behaviour if made good on the evidence. The judge found that it was made good on the evidence, and that finding is rationally supportable.

Due cause

168. It is difficult to see how use of a sign which takes unfair advantage of the reputation of a trade mark can be with due cause, although it is perhaps easier to see how use which is merely detrimental to the distinctive character of the trade mark may be. Nevertheless the legislation allows for both outcomes. Consistently with this, the Court of Justice's decision in *Leidesplein v Red Bull* establishes that, even if the use of the sign complained of does take unfair advantage of the reputation of the trade mark, the court is required to strike a fair balance between the competing interests in order to decide whether the use of the sign is with due cause. As a matter of logic, the same test must apply where the injury is detriment to the distinctive character of the trade mark. This is the test that the judge applied. It is an evaluative test and therefore this Court can only interfere if the judge erred in law or principle.
169. Tesco contend that the judge erred in law or principle by citing and applying the earlier observation of Kitchin J in *Julius Sämann Ltd v Tetrosyl Ltd* [2006] EWHC 529 (Ch), [2006] FSR 42 at [84] that the test is "relatively stringent". I do not accept this. As the judge explained, all she understood Kitchin J to have meant by that observation was that it was not enough that the sign complained of was innocently adopted: there had to be something more which justified its use despite the injury to the trade mark. As she went on to find, in the present case there was nothing more. Tesco could easily have used a different sign to promote Clubcard Prices. There is no error of law or principle in that reasoning, and the conclusion is one that the judge was fully entitled to reach.

Conclusion

170. I would dismiss Tesco's appeal against the finding of passing off. I would dismiss Tesco's appeal against the finding of trade mark infringement based on detriment to the distinctive character of the Mark with Text even if I am wrong about passing off.

Lidl's appeal against the invalidity of the Wordless Mark registrations

171. Lidl appeal against the judge's findings of bad faith on no less than 12 grounds, eight of which concern the 1995 Registration and four of which concern the 2002, 2005 and 2007 Registrations. The multiplicity of grounds suggests that Lidl are unable to identify any serious flaw in the judge's reasoning. Following the example of counsel for Lidl, I shall group some of the grounds together.
172. *The 1995 Registration.* Grounds 1 and 2 are that the judge erred in law by treating *Lidl v Tesco I* as having shifted the burden to Lidl to prove good faith in the making of its applications, when all that this Court had held (at [50]) was that "Lidl's statement of case pleads sufficient objective indicia to give rise to a real prospect of the presumption of good faith being overcome so as to shift the evidential burden to the applicant for registration to explain its intentions".
173. I do not accept that the judge made any error of law in this respect. A person is presumed to have acted in good faith unless the contrary is proved; but where the objective circumstances relied upon by the party challenging the validity of the registration give rise to a *prima facie* case of bad faith, the evidential burden shifts to the applicant for registration to explain its intentions at the time of making the application. In the present case, the judge correctly held that nothing had changed since the strike-out application which was considered in *Lidl v Tesco I*.
174. Tesco's pleaded case consisted of four propositions. First, Lidl had never used the Wordless Mark in the form registered. Secondly, it was to be inferred that Lidl had not intended to use the Wordless Mark in the form registered. Thirdly, if Lidl were right that use of the Mark with Text amounted in law to use of the Wordless Mark, they did not need to register the Wordless Mark unless the purpose was to give Lidl wider or different protection. Fourthly, it was to be inferred that the application to register the Wordless Mark was made solely for the purposes of using it as a legal weapon and not in accordance with its function of indicating origin. The first proposition was admitted, as was the fact that Lidl had applied to register the Wordless Mark in order to obtain a wider scope of protection than that conferred by the Mark with Text. Given those admissions, it was proper in the absence of any evidence to the contrary to make the inferences which were the subject of the second and fourth propositions. Thus the pleaded case and the admitted facts did give rise to a *prima facie* case of bad faith, and the evidential burden shifted to Lidl to explain their intentions when making the application.
175. Ground 3 is that the judge was wrong to say that Lidl had adduced no evidence of their intentions at the time of applying for the 1995 Registration. Lidl contend that there were two items of evidence. Ground 4 is that the judge was wrong to consider that only direct witness testimony of intention to use would be adequate.
176. It is convenient to address these grounds in reverse order. Ground 4 is based on a false premise. The judge did not say, or imply, that only direct witness testimony would be adequate. All she did was to note that Lidl's evidence was that, despite extensive investigations, Lidl had been unable to shed any light on their intentions when filing the applications to register the Wordless Mark and had claimed privilege in respect of communications with their external trade mark attorneys (a matter which the judge noted did not entitle the court to draw any inferences one way or the other). There is no

reason to think that the judge would have disregarded any documentary evidence as to Lidl's intentions in 1995; but there was none.

177. Turning to ground 3, the first item of evidence relied upon by Lidl is the statement of intention to use made as part of the application. In the circumstances of the present case, however, the judge was correct to give this no weight. The statement did not indicate that Lidl did not intend to use the Wordless Mark in the form applied for. Thus, taken at face value, it was untrue. The only way in which the statement could have been true was if Lidl had intended, without saying so, to contend that use of the Mark with Text would constitute use of the Wordless Mark. But that begs the very question which Lidl relies upon this evidence to answer. Furthermore, even if this is evidence that Lidl intended to contend that use of the Mark with Text would constitute use of the Wordless Mark, it is not evidence that Lidl believed that use of the Mark with Text would constitute use of the Wordless Mark, still less that Lidl had any tenable basis for such a belief at that time.
178. The second item of evidence is the undertaking given by Lidl to Osmiroid. The judge's treatment of this evidence is also the subject of ground 7. Again, the judge was correct to give this evidence no weight. It was over two years after the application for the 1995 Registration; the undertaking does not confine Lidl to using the Wordless Mark in the form of the Mark with Text; and, even if had done so, it would at best have been consistent with the proposition that, by that date, Lidl intended to contend that use of the Mark with Text would constitute use of the Wordless Mark. Again, it is not evidence that Lidl believed that use of the Mark with Text would constitute use of the Wordless Mark, still less that Lidl had any tenable basis for such a belief at that time.
179. Ground 5 is that the judge was wrong to say that her finding that the Wordless Mark had been used as a component of the Mark with Text was not determinative of Lidl's intentions at the time of applying for the 1995 Registration. The judge was right about this. Her finding was based on the evidence available at trial, and as discussed above a key item of evidence was the YouGov survey carried out in 2021. It does not follow from the judge's finding that use of the Mark with Text would have been accepted as constituting use of the Wordless Mark at any date earlier than 2021. Nor does it follow that Lidl believed that to be the case at any earlier date or had a tenable basis for such a belief.
180. Ground 6 is that the judge imposed an unrealistic evidential burden upon Lidl: having regard to the length of time which had elapsed between April 1995 and the trial, it was not realistic for the judge to expect that either witness testimony or documentary evidence would be available to explain Lidl's intentions. I do not accept this. Despite the passage of time, Lidl as the applicants for registration were best placed to explain their intentions. Of course, people might have died or moved on and documents might have been destroyed, but that was not necessarily the case. Given that privilege was claimed, it appears that some documents did survive. While Tesco cannot invite the Court to draw any inference from the claim to privilege, nor can Lidl contend that there are no surviving documents which shed light on their intentions while claiming privilege. Lidl chose not to waive privilege, and in those circumstances it cannot be assumed that the documents would have assisted Lidl any more than it can be inferred that they would have supported Tesco's case.

181. Furthermore, I would point out that, as the judge noted, it was not merely evidence as to Lidl's intentions in 1995 that was lacking. Also missing was any evidence as to the reputation (if any) of the Wordless Mark in 1995.
182. Ground 8 is that the judge had wrongly focussed on Lidl's oral closing submissions to the exclusion of its written statement of case on good faith. There is no merit in this complaint: as can be seen from the main judgment, the judge had regard to both the oral submissions and the statement of case.
183. I would therefore dismiss Lidl's appeal against the judge's finding that the 1995 Registration was applied for in bad faith.
184. *The 2002, 2005 and 2007 Registrations.* The judge found that Lidl had been unable to rebut the inference that the 2002, 2005 and 2007 Registrations had been applied for following the same policy (i.e. purely for use as a legal weapon) as the 1995 Registration. Ground 9 is that the judge was wrong about the application for the 1995 Registration, and therefore was also wrong about the later applications, but this ground falls away in the light of my conclusion above.
185. Ground 10 is that the judge erred by failing separately and distinctly to consider the evidential position as at each of the subsequent application dates. The judge did not need to do this, however, since it is clear from her analysis of the evidence that, save possibly in one respect, there was no material change in the position between 2002 and the later dates. The possible exception is the statements made by Lidl to the USPTO. The judge was correct to give this evidence no weight. It concerned statements made for the purposes of an application filed under a different system of law concerning use in a different territory. In any event the statements relied upon by Lidl go no further than the evidence discussed in paragraphs 177 and 178 above.
186. Grounds 11 and 12 concern the question of evergreening, but having regard to my previous conclusions it is unnecessary to consider these grounds.
187. I would therefore dismiss Lidl's appeal against the judge's finding that the 2002, 2005 and 2007 Registrations were applied for in bad faith.

Tesco's appeal against the finding of copyright infringement

188. Tesco appeal against the finding of copyright infringement on two grounds. First, they challenge the judge's finding that the Stage 3 Work was original so that copyright subsisted in it. Secondly, and in the alternative, they challenge the judge's finding that the CCP Signs reproduce a substantial part of the Stage 3 Work.
189. *Subsistence.* Counsel for Tesco argued that the judge had been wrong to reject the submission she recorded at [286]. I agree that the judge was wrong to reject that submission. *Ladbroke v William Hill* is not relevant to the question of whether a derivative work is original over an antecedent work. On the other hand, the judge was correct to say that simplicity of design does not necessarily preclude originality, nor is artistic merit required. Furthermore, the test the judge applied at [289] was the correct test.

190. Counsel for Tesco also submitted that the judge was wrong to conclude that the creation of the Stage 3 Work had involved free and creative choices so as to stamp the work created with the author(s)' personal touch. Given that she applied the correct test, I consider that she reached a conclusion that was open to her. In any event, I agree with it. Counsel for Tesco argued that the contribution of the author(s) of the Stage 3 Work was analogous to adding a blue background to Caravaggio's *Medusa*:



191. In my view this illustration does not demonstrate the absence of any creativity on the part of the author(s) of the Stage 3 Work, but the converse. Although all that has been added to the Stage 2 Work by the author(s) of the Stage 3 Work is the square framing and the blue background, these elements interact with the elements which were already present. Any painter will confirm that placing one colour against another changes the viewer's perception of both. So too does placing one shape within another. Furthermore, as counsel for Lidl pointed out, the author(s) of the Stage 3 Work did not merely choose to surround the Stage 2 Work with a blue square, but also made other choices, namely (i) the precise shade of blue, (ii) the positioning of the Stage 2 Work centrally within the square and (iii) the distance between the edge of the Stage 2 Work and the edges of the square. The degree of creativity involved in the creation of the Stage 3 Work may have been low, but it was not a purely mechanical exercise, nor was the result dictated by technical considerations, rules or other constraints which left no room for creative freedom.
192. *Substantial part.* Counsel for Tesco submitted in the alternative that, if the Stage 3 Work was original, Tesco had not reproduced a substantial part of that copyright work because Tesco had not copied what was original to the author(s) of the Stage 3 Work. In support of this submission, he pointed out that it was not disputed that (i) the shade of blue which Tesco used in the CCP Signs was a shade which Tesco had previously used as part of their corporate livery, (ii) Tesco had previously used yellow circles in their signage and (iii) the distance between the yellow circle and the edges of the blue square in the CCP Signs was different to the distance between the edge of the Stage 2 Work and the edges of the square in the Stage 3 Work (and indeed varied). It followed, he argued, that all that Tesco's design agency Wolff Olins had copied from the Stage 3 Work was the *idea* of a yellow circle in a blue square.
193. This is not an argument which was advanced by Tesco before the judge, but counsel for Tesco explained that it arose out of the way in which Lidl had sought to support the judge's decision on originality. Counsel for Lidl did not suggest that the new argument was not open to Tesco, but submitted that Tesco had substantially reproduced that which was original to the author(s) of the Stage 3 Work.

194. In my judgment Tesco are correct on this issue. Although the Stage 3 Work is sufficiently original to attract copyright, the scope of protection conferred by that copyright is narrow. Tesco have not copied at least two of the elements that make the Stage 3 Work original, namely the shade of blue and the distance between the circle and the square. Furthermore, Lidl accept that they cannot complain about the copying of the yellow circle in itself, because the yellow circle is original to the Stage 2 Work, not the Stage 3 Work. Although Tesco have copied the visual concept of a blue square surrounding (among other material) a yellow circle, that is all they have done. In the case of the cropped and rectangular forms of the CCP Signs, they have not even done that. Thus I conclude that Tesco have not infringed the copyright in the Stage 3 Work.

Tesco's appeal against the copyright injunction

195. It follows that it is not necessary to consider Tesco's appeal against the copyright injunction.

Overall result

196. For the reasons given above, I would dismiss Tesco's appeal against the findings of trade mark infringement and passing off, allow Tesco's appeal against the finding of copyright infringement and dismiss Lidl's appeal against the finding that the 1995, 2002, 2005 and 2007 Registrations of the Wordless Mark were invalidly registered. Tesco's appeal against the copyright injunction is moot.

Lord Justice Birss:

197. I agree that Tesco's appeal on trade mark infringement and passing off should be dismissed (subject to one point below), that Tesco's appeal on copyright infringement should be allowed and that Lidl's appeal on bad faith should be dismissed.
198. There is one aspect of the trade mark infringement appeal in which I differ from Arnold LJ albeit it makes no difference to the outcome. The point is the issue of detriment considered on the assumption that Lidl have not made out the price-matching allegation (see above para 163). In my judgment the price-matching issue is crucial in this dispute. I agree with my lord that the finding on price matching was open to the judge and so an appeal from that conclusion must be dismissed. With that finding upheld the case on unfair advantage and detriment follows as the judge found and my lord has addressed. With it the case on passing off matches the case on trade mark infringement. Without that finding there is no basis for a conclusion of unfair advantage nor in my judgment could there be any passing off because the relevant misrepresentation was about price matching. Therefore the only way the trade mark infringement claim could succeed would be on detriment without due cause. However that case on detriment, absent price matching, becomes very hard to distinguish from one based on pure dilution. Trade mark law has never gone that far and I would not wish to encourage it. I agree that Lidl pleaded a wider case but I am not convinced it was or even could be made out, absent price matching. In the result it is not necessary to go any further into this question because it makes no difference to the outcome.
199. I have had the benefit of reading Lord Justice Lewison's judgment in draft. Like Lewison LJ, I have difficulty with the idea that there can be conduct which takes an advantage which is unfair but which is nevertheless with due cause. I do not think the

resolution of this issue, and whether Case C-65/12 *Leidseplein Beheer BV v Red Bull GmbH and Red Bull Nederland BV* is or should be taken to be the last word on that subject, arises on this appeal and I prefer to leave it for an occasion in which it is decisive.

Lord Justice Lewison:

200. I have nothing to add to Arnold LJ’s analysis of the bad faith claim or the copyright claim. But I have found the trade mark claim and the passing off claim very difficult, at the outer boundaries of trade mark protection and passing off.

The statute

201. Section 10 (3) of the Trade Marks Act 1994 provides:

“A person infringes a registered trade mark if he uses in the course of trade, in relation to goods or services, a sign which—

(a) is identical with or similar to the trade mark,

where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”

202. Section 10 (3) expands the scope of trade mark protection beyond the traditional functions of guaranteeing trade origins and quality. But in applying the provisions of that sub-section it is important to remember that it is in the interests of consumers that there be competition between providers of goods and services.

The pleaded case

203. In the present case, I consider that Lidl’s case was firmly tied to the allegation that the CCP signs conveyed the message of price matching (in the loose sense); that is to say that the goods promoted by the CCP signs were available at a cost that was lower than or equal to the prices charged by Lidl. That can be seen particularly in what appeared to be common ground, namely that the claim of trade mark infringement and the claim of passing off stood or fell together. The latter is concerned (and concerned only) with the price-matching allegation. My reading of the way in which the claim of trade mark infringement is pleaded is also that it is based on the allegation of price matching with Lidl.

204. That is a particularly specific message on which the claims depended.

Lidl’s case in closing

205. In their written closing, Lidl referred to the decision of the CJEU in (C-487/07) *L’Oréal SA v Bellure NV* [2009] ECR1-5185 which explained the concept of taking unfair advantage. The argument went on to say at para 166:

“That is precisely what happened in the present case. The reputation of Lidl’s marks – the image or the characteristic that

it projects to the goods – is one of low value prices – “discounted”. It is precisely that reputation that Tesco obtains by its Uses through the presence of the Sign within them. .. When Tesco link their activity to Lidl they are perceived as being better value. This because they take advantage of Lidl’s huge reputation as a retailer and seller of groceries at low price value when they do so.”

206. Para 172 argued:

“there was a suggestion in Opening that Tesco would not have wanted to be mistaken for Lidl. We accept that. We suggest Tesco intended their CCP Identifier to convey value.”

207. Turning to the question of detriment, the written closing argued that it was the other side of the unfair advantage that Tesco obtained. Para 175 argued:

“Tesco were losing customers to Lidl because the latter was perceived as offering better value. Tesco sought to stem that loss and, in doing so, not only did they inhibit Lidl’s growth but they did so by diluting Lidl’s reputation as a low cost discounter.”

The judge’s summary of the law

208. The judge set out the applicable law at [73]. I have only one footnote to add to Arnold LJ’s exposition of the law. The judge treated “unfair advantage” and “due cause” as being separate sequential steps in the analysis. Thus at [73] (26) she said:

“If detriment or unfair advantage is established then it is for the proprietor of the later sign to establish that there is due cause for the use of the later mark.”

209. I do not believe that this is the law. Going back to the text of section 10 (3), infringement is established where “the use of the sign, being without due cause, takes unfair advantage of” the mark. I would interpret that as meaning that if the sign is used *with* due cause, any resulting advantage is not unfair. I find it difficult to conceive of a case of *unfair* advantage where the sign has been used with due cause. I think that this is borne out by the decision of the CJEU in (Case C-323/09) *Interflora Inc v Marks & Spencer plc* [2012] ETMR 1 at [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 art.5(2) of Directive 89/104 and art.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 (*L'Oréal* [2009] E.T.M.R. 55 at [49]).” (Emphasis added)

210. This was picked up by Kitchin LJ in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24, [2012] FSR 19. He said at [139]:

“...the purpose of the use of a trade mark as a keyword was to take advantage of its distinctive character and repute; ... that the competitor derived a real advantage from the distinctive character and repute of the trade mark; and, ... 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 art.9(1)(c).” (Emphasis added)

211. He added at [141]:

“In my judgment these cases do reveal a development by the Court of Justice of its jurisprudence on the scope of art.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.” (Emphasis added)

212. One difficulty with the sequential analysis adopted by the judge is that once a court has found *unfair* advantage, it is extremely difficult to undo that mindset and find that nevertheless the sign was not used without due cause.

213. I must acknowledge, however, that in (Case C-65/12) *Leidseplein Beheer BV v Red Bull GmbH* [2014] ETMR 24 at [44] the CJEU said:

“Where the proprietor of the mark with a reputation has demonstrated the existence of one of the forms of injury referred to in art.5(2) of Directive 89/104 and, in particular, has shown that *unfair* advantage has been taken of the distinctive character or the repute of that mark, the onus is on the third party using a sign similar to the mark with a reputation to establish that he has due cause for using such a sign (see, by analogy, *Intel*

Corporation (C-252/07) [2008] E.C.R. I-8823 at [39]).”
(Emphasis added)

214. The difficulty with that statement, as it seems to me, is twofold. First, it is not consistent with *Interflora*. Second, the cited paragraph from (C-252/07) *Intel Corp Inc v CPM United Kingdom Ltd* [2009] ETMR 13 does not support the proposition. What the court said in *Intel* at [39] was:

“When the proprietor of the earlier mark has shown that there is either actual and present injury to its mark for the purposes of art.4(4)(a) of the Directive or, failing that, a serious risk that such injury will occur in the future, it is for the proprietor of the later mark to establish that there is due cause for the use of that mark.”

215. That does not deal with the question whether any injury is unfair before the question of due cause arises. As I read this, what the court is saying is that the injury (i.e. advantage or detriment) must be identified and that once the injury has been identified, the question is whether that injury is “without due cause”. My understanding of the law, therefore, differs from that of Mr Alexander QC in *Planetart LLC v Photobox Ltd* [2020] EWHC 713 (Ch), [2020] ETMR 35 at [43] where, in his discussion of “without due cause,” he said:

“However, it must be borne in mind that this provision only comes into play after it has been found that there is not only a link between the registered trade mark and the sign but also that it has taken unfair advantage or is detrimental to the distinctive character of the trade mark in the sense that the case law has required. That does raise the bar for a defendant to show that the use of the sign is nonetheless with due cause.”

Clubcard

216. At various places in her judgment, the judge acknowledged that Clubcard was “a highly distinctive brand asset” (para [79]); “a very strong brand in the form of Clubcard” (para [107]); and she also accepted evidence that Clubcard was “one of the crown jewels of Tesco’s goodwill” (para [151]). She referred also to a report prepared in November 2020 by an external research agency, Hall & Partners, evaluating the Clubcard prices promotion which concluded that it showed “the strongest brand linkage we have ever seen”.

What message did the signs convey?

217. A general message to the effect that Tesco offers good value would not in my view be enough. At [155], for example, the judge said:

“Clubcard Prices was intended to have brand significance and it was also designed *to convey value* with a view to rewarding existing loyal customers and attracting new ones, but I do not consider that Lidl has established that Tesco had the deliberate subjective intention of riding on Lidl’s coat tails.” (Emphasis added)

218. Again at [176] she said:

“In my judgment, the CCP Signs were plainly intended (amongst other things) *to convey value* and thereby to influence the economic behaviour of supermarket shoppers, notwithstanding that I have found no specific intention to free-ride on Lidl's reputation.” (Emphasis added)

219. I do not consider that a message that Tesco offers good value is anything other than fair competition. On the other hand, there is, I think, no real doubt that the sign does convey the message of discounted prices. But the obvious comparator for that message is Tesco's non-Clubcard prices. It is plain that the primary message that Tesco wanted to convey is that by joining Clubcard the consumer would achieve better prices *at Tesco* than a consumer who had not joined.

220. Nevertheless, the judge found that the CCP signs conveyed the price matching message. As Arnold LJ has pointed out, the judge did not herself consider whether the CCP signs conveyed the price matching message to her. She relied, instead, on the evidence of consumers, surveys and internal warnings. Having considered all that evidence, she came to the conclusion that the CCP signs did convey the price matching message.

221. Like Arnold LJ, I find the judge's finding of fact surprising. Although I doubt whether I would have come to that conclusion, that is not the question on appeal, as Arnold LJ has rightly said. It is not open to us simply to substitute our own evaluation. The question is whether the judge's finding was rationally insupportable. For the reasons that Arnold LJ has given, I do not think that we can say that it was. The upshot is that despite Tesco's wish to differentiate itself from Lidl and to promote the value of its own very distinctive brand, it has found itself liable for trade mark infringement and passing off.

Result

222. I find myself in the position of Lord Bridge of Harwich in the *Jif Lemon* case at 495:

“If I could find a way of avoiding this result, I would. But the difficulty is that the trial judge's findings of fact, however surprising they may seem, are not open to challenge. Given those findings, I am constrained ... to accept that the judge's conclusion cannot be faulted in law.

With undisguised reluctance I agree ... that the appeal should be dismissed.”