



Neutral Citation Number: [2025] EWCA Civ 5

Case No: CA-2024-000463

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),
INTELLECTUAL PROPERTY ENTERPRISE COURT
Her Honour Judge Melissa Clarke
[2024] EWHC 88 (IPEC)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 20 January 2025

Before :

LORD JUSTICE ARNOLD
LORD JUSTICE PHILLIPS
and
LADY JUSTICE FALK

Between :

THATCHERS CIDER COMPANY LIMITED

Claimant/
Appellant

- and -

ALDI STORES LIMITED

Defendant/
Respondent

Martin Howe KC and Beth Collett (instructed by Stephens Scown LLP) for the Appellant
Michael Edenborough KC, Stephanie Wickenden and Niamh Herrett (instructed by
Freeths LLP) for the Respondent

Hearing dates : 17-18 December 2024

Approved Judgment

This judgment was handed down remotely at 10.30am on 20th January 2025 and uploaded to
the National Archives.

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Lord Justice Arnold:

Introduction

1. The Claimant (“Thatchers”) is the largest family-run independent cider producer in the United Kingdom. In February 2020 Thatchers launched Thatchers Cloudy Lemon Cider (“the Thatchers Product”). The Thatchers Product is sold in individual 440 ml cans and in four-can packs in cardboard packaging. It has been extensively promoted by Thatchers and has sold well.
2. Thatchers is the proprietor of UK Registered Trade Mark No. 3489711 for the device shown below, registered in respect of “cider; alcoholic beverages, except beer” in Class 33 with effect from 14 May 2020 (“the Trade Mark”).



3. At the material times the Trade Mark was reproduced on the front and rear of each can of the Thatchers Product, together with a panel containing information about the product and a barcode printed longitudinally on one side. It was also reproduced in

slightly modified form on the front, rear and top of the cardboard packaging of the four can packs. Images of a single can and a four-can pack are shown below.



4. The Defendant (“Aldi”) is the UK subsidiary of a German supermarket operator. Aldi’s business model involves an emphasis on own-brand products and a careful selection of goods, which enables it to achieve low prices. For this reason Aldi is often referred to as a “discount” supermarket. Aldi is well known for its television advertisements featuring the slogan “like brands, only cheaper”.
5. In May 2022 Aldi launched Taurus Cloudy Lemon Cider (“the Aldi Product”). It is common ground that this product is identical to the goods for which the Trade Mark is registered. The Aldi Product is sold in four 440 ml-can packs in cardboard packaging. Like the Thatchers Product, the Aldi Product has a design which appears on the front and rear of each can, together with a panel containing information about the product (but not a barcode) printed longitudinally on one side. The same design is reproduced almost identically on the front of the cardboard packaging. It is also partly reproduced on the back of the cardboard packaging, together with an information panel which includes a bar code. Images of a single can and a four-can pack are shown below.



6. On 22 September 2022 Thatchers commenced proceedings against Aldi for infringement of the Trade Mark pursuant to section 10(2) and (3) of the Trade Marks Act 1994 and for passing off. Thatchers chose to bring the claim in the Intellectual Property Enterprise Court (“IPEC”), and Aldi did not object to that course. As a result, the parties were circumscribed in the evidence they were permitted to adduce and the trial was confined to two days. By an order dated 12 February 2024 HHJ Melissa Clarke dismissed Thatchers’ claims for the reasons given in her judgment dated 24 January 2024 [2024] EWHC 88 (IPEC).
7. Thatchers appeals against the dismissal of its claim under section 10(3) of the 1994 Act with permission granted by myself. Thatchers does not challenge the judge’s decisions with respect to section 10(2) and passing off.
8. The Court is aware that this case has attracted attention amongst commentators in the field of trade mark law. Some have criticised the judge’s decision as illustrating an alleged failure on the part of UK law properly to protect brand owners against so-called “look-alike” packaging, while others have commended it as upholding competition and hence cheaper prices for consumers. It is not the function of this Court to enter into these policy debates. Our task is to apply the law enacted by Parliament to the facts of this case. This point is particularly significant because, as I will explain later in this judgment, Aldi invites us, if necessary, to depart from the leading judgment of the Court of Justice of the European Union in this field.

Factual background

9. The judge set out the factual background to the dispute at [25]-[60]. Although I shall have to consider some of the facts in more detail below, the general background may be summarised as follows.

Thatchers

10. Thatchers was founded in 1904 in Somerset, where it is still based. It produces and sells apple and non-apple ciders under its own brand mainly for the retail market, but also for sale in bars and pubs. It has a continuous process of new product development.

The Thatchers Product

11. In 2018 Thatchers produced only apple-based ciders. Thatchers' flagship apple cider, and the oldest product still on sale, is Thatchers Gold. It also had, and still has, a cloudy cider called Thatchers Haze and an apple-based pink cider, with the colour derived from the skin of red apples, called Thatchers Rosé. At that time it had no presence in fruit-flavoured (i.e. non-apple-flavoured) ciders. It identified what it considered to be a gap in the fruit-flavoured cider market for a citrus-based cider, at a time when there was an emerging trend for lemon-flavoured alcoholic beverages, including lemon-flavoured gin. As a result, Thatchers developed the Thatchers Product. Thatchers was not the first producer to make a lemon cider for the UK market, however.
12. The Thatchers Product is (as stated in the Trade Mark) made with real lemon juice, together with juice from dessert apples which gives a natural clouding effect to the resulting beverage. Although more expensive than using cider apples, this also gives the product a sweeter, fuller and more rounded mouthfeel.

Third-party products

13. Thatchers' market research identified a number of existing lemon-flavoured alcoholic and non-alcoholic beverages on the market, as shown below.





The Trade Mark

14. Although the design of the can and packaging of the Thatchers Product has features in common with those of previous Thatchers products, its overall look was deliberately different to other products in the Thatchers range because of the departure Thatchers was making in producing a non-apple-flavoured cider for the first time. Thatchers put lemons prominently on the packaging in order to communicate clearly through the packaging exactly what is in the product. Thatchers worked with external designers, and consulted retailers and consumers. It was important to Thatchers that the Thatchers Product should stand out on a supermarket shelf. It is common ground that consumers will only look at products such as cider on a retailer's shelf for a matter of a few seconds before deciding whether to buy.

Marketing and sales of the Thatchers Product

- 15. From August 2020 to August 2022 Thatchers invested in excess of £2.9 million promoting the Thatchers Product through TV advertising, outdoor posters and billboards, brand experience/sampling and trade PR. Thatchers also conducted an online campaign to promote the Thatchers Product via Thatchers’ social media accounts on Instagram, Facebook, X (formerly Twitter) and Linked-in, which reached 13.86 million people. Thatchers also conducted a summer marketing campaign in nine major cities in the UK and advertised outdoors in holiday destinations in South Wales and the South West, achieving a further 12 million impacts.
- 16. Between February 2020 and August 2023 Thatchers sold 11.6 million litres of the Thatchers Product amounting to £29.6 million in sales at retail value (£20.7 million by September 2022). 98.8% of sales were in retail outlets, of which 51.3% were supermarkets, 12.9% convenience stores and 34.6% wholesale cash-and-carry outlets.

Aldi’s Taurus range of ciders

- 17. Aldi has sold cider under the brand name Taurus since 2013. Since 2020, there has always been an apple cider known as Taurus Original, a pear variant known as Taurus Pear and a dark fruits variant known as Taurus Dark Fruits. There have also been “seasonal” flavoured variants which vary from time to time. The seasonal variants are sold at a higher price point because they are flavours for which there are either no or few equivalents sold by other retailers. The Taurus range is shown below.

 <p>Taurus Original Cider</p>	 <p>Taurus Original Cider</p>
 <p>Taurus Fruit Cider</p>	 <p>Taurus Pear Cider</p>
 <p>Taurus Rosé Cider</p>	 <p>Taurus Cloudy Lemon Cider</p>

The Aldi Product

18. From 2020 to 2022 Aldi sold two third-party cloudy lemon ciders: Brothers' Cloudy Lemon Cider in packs of four 440 ml cans (shown in paragraph 13 above) and Alska Cloudy Sicilian Lemon Cider in packs of four 330 ml bottles (shown below).



19. Both products were successful for Aldi, reflecting the market trend for less conventional cider flavours. Accordingly, Aldi decided to introduce a cloudy lemon cider to the Taurus line as a seasonal variant. Aldi worked with a third-party cider

producer, Aston Manor, to develop the cider, and an external design agency, Black Eye, to develop the design of the packaging.

“Benchmarking”

20. When Aldi sees a gap in the market and decides to develop a similar Aldi product, it will often identify a “benchmark” product, which is usually a market leader. This will act as the quality barometer, as Aldi’s intention is to deliver a product of the same or better quality as the benchmark product. In developing the Aldi Product, Aldi chose the Thatchers Product to be the benchmark. For cost reasons, however, Aldi did not use real lemon juice in the Aldi Product. Instead, it used a mixture of citric acid, malic acid, ascorbic acid (vitamin C) and “natural lemon flavour”.
21. In the case of the Aldi Product, the Thatchers Product was also used as the benchmark for the design of the packaging. In the “Market Review” section of the project reports produced by Black Eye for Aldi, the only product illustrated is the Thatchers Product. Furthermore, it is clear that when, making decisions about various design options and iterations, Aldi took those decisions with the Thatchers Product as the reference point. For example, in an email sent by Laura Baxter-Parr of Aldi to Suzanne Oliver of Black Eye on 28 October 2021 Ms Baxter-Parr asked, “can we please see a hybrid of Taurus and Thatcher’s [sic] – i.e. a bit more playful – add lemons as Thatcher’s etc”.

Sales of the Aldi Product and other ciders in the Taurus range

22. Taurus Original cider was Aldi’s biggest seller in 2021, 2022 and 2023 (year to September), with sales of four-can packs of £19.5 million and a further £15 million in two-litre bottles. Of the other eight ciders in the range, Taurus Pear and Taurus Dark Fruit remained on sale for the whole of the period, and achieved sales of £11.5 million and £14.4 million respectively. Taurus Cloudy Cider sold £1.3 million in 2021, but was then discontinued and so made minimal sales in 2022 and none in 2023.
23. Four ciders were launched by Aldi in 2022, including the Aldi Product. That achieved £1.66 million in sales in mid-May to December 2022, but only £0.6 million of sales in the first months of 2023. That was because it was a seasonal variant, produced in limited quantities with the aim for it to sell out within a period of months, and it did sell out within 10 months of launch. The next most popular on launch in 2022 was Taurus Cherry, another seasonal variant intended to be a sell-out, with £0.8 million of sales in late 2022 and £1 million in 2023 (to September).
24. There is no evidence that Aldi spent any money promoting the Aldi Product.

The law

The legislative framework

25. As the long title states, the 1994 Act was enacted:

“... to make new provision for registered trade marks, implementing Council Directive No. 89/104/EEC of 21st December 1988 to approximate the laws of the Member States relating to trade marks; to make provision in connection with Council Regulation (EC) No. 40/94 of 20th December 1993 on

the Community trade mark; to give effect to the Madrid Protocol Relating to the International Registration of Marks of 27th June 1989, and to certain provisions of the Paris Convention for the Protection of Industrial Property of 20th March 1883, as revised and amended; and for connected purposes.”

26. Article 5 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks provided, so far as relevant:

“Article 5

Rights conferred by a trade mark

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:
 - (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;
 - (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.
 2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”
27. Article 4(1) and (4)(a) contained parallel provisions concerning relative grounds for refusal of applications to register trade marks and for invalidation of registered trade marks. Corresponding provisions were contained in Articles 9(1) and 8(1) and (5) of Council Regulation 40/94/EC of 20 December 1993 on the Community trade mark.
28. Article 5(1) and (2) of Directive 89/104 were implemented by section 10(1), (2) and (3) of the 1994 Act. As originally enacted, these provided:
- “(1) A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in

relation to goods or services which are identical with those for which it is registered.

- (2) A person infringes a registered trade mark if he uses in the course of trade a sign where because—
- (a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or
 - (b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,

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

- (3) A person infringes a registered trade mark if he uses in the course of trade a sign which—
- (a) is identical with or similar to the trade mark, and
 - (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered,

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.”

29. It can be seen that this legislative scheme involves three levels of protection: a first level where there is “double identity” (identity of mark and sign and identity of goods or services); a second level where the similarities between the mark and sign and between the respective goods or services give rise to a likelihood of confusion; and a third level where the trade mark has a reputation and certain other conditions are satisfied. Parallel provisions were enacted in section 5(1), (2) and (3) concerning relative grounds objections to registration.

30. In Case C-292/00 *Davidoff & Cie SA v Gofkid Ltd* [2003] ECR I-389 and Case C-408/01 *Adidas-Salomon AG v Fitnessworld Trading Ltd* [2003] ECR I-12537 the European Court of Justice, now the CJEU, held that Articles 4(4)(a) and 5(2) of Directive 89/104 were to be interpreted as extending to the use of trade marks and signs in relation to goods or services which were identical with or similar to those covered by the registered mark. The UK gave legislative effect to these decisions by regulation 7 of the Trade Marks (Proof of Use, etc.) Regulations 2004 (SI 2004/946), which amended sections 5(3) and 10(3) of the 1994 Act. As amended by the 2004 Regulations, section 10(3) provides:

- “(3) 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.”

31. Directive 89/104 was repealed and replaced by 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), which was in turn repealed and replaced by 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). Similarly, Regulation 40/94 was repealed and replaced by Council Regulation 207/2009/EC of 26 February 2009 on the Community trade mark (codified version), which was in turn repealed and replaced by European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 on the European Union trade mark (codification).

32. Like the 1994 Act, the relevant provisions in Directive 2015/2436 were amended to give effect to the decisions in *Davidoff v Gofkid* and *Adidas-Salomon v Fitnessworld*. Thus Article 10(2) of Directive 2015/2436 provides, so far as relevant:

“Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the registered trade mark, the proprietor of that registered trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where:

...

(c) the sign is identical with, or similar to, the trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to, or not similar to, those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”

33. The UK implemented new provisions in Directive 2015/2436 by the Trade Marks Regulations 2018 (SI 2018/825), which made various amendments to the 1994 Act, but no change was made to section 10(3). Although the 1994 Act has been amended as a consequence of Brexit, in particular to replace protection by EU trade marks in the UK with comparable UK trade marks, most of its provisions remain unaffected, including section 10(3).

34. As amended by regulation 12(5) of the 2018 Regulations, section 11(2)(b) of the 1994 Act provides:

“A registered trade mark is not infringed by-

...

- (b) the use of signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

...

provided the use is in accordance with honest practices in industrial or commercial matters.”.

35. This implements Article 14(1)(b) of Directive 2015/2436. Prior to the amendment, section 11(2)(b) implemented successively Article 6(1)(b) of Directive 89/104 and Article 6(1)(b) of Directive 2008/95.
36. It can be seen from the long title to the 1994 Act quoted in paragraph 25 above that the Act originally implemented not only Directive 89/104 and Regulation 40/94, but also the Madrid Protocol Relating to the International Registration of Marks adopted on 27 June 1989 and certain provisions of the Paris Convention for the Protection of Industrial Property adopted on 20 March 1883, last revised at Stockholm on 14 July 1967 and amended on 28 September 1979, two international treaties concerning trade marks. Although the 1994 Act did not require amendment in order to enable the UK to ratify the Singapore Treaty on the Law of Trademarks adopted on 27 March 2006, the Trade Marks Rules 2008 made pursuant to section 78 of the 1994 Act, which replaced earlier rules, were drafted in order to achieve that purpose (among others): see paragraphs 4.2 and 7.3.1 of the Explanatory Memorandum to the 2008 Rules. The fundamental legislative policy underlying the relevant provisions of the 1994 Act and the 2008 Rules is to contribute to international harmonisation of trade mark law. International harmonisation of trade mark law is considered to be in the interests of the UK for a number of reasons, but in particular because it assists UK traders to trade abroad by reducing obstacles and transaction costs due to trade marks.

The requirements for a claim under section 10(3)

37. There is a considerable body of case law of the Court of Justice and of the General Court decided prior to 31 December 2020 concerning the interpretation of what are now Articles 5(3)(a) and 10(2)(c) of Directive 2015/2436 and the corresponding provisions in Regulation 2017/1001. This is assimilated law.
38. This case law establishes that, in order for there to be infringement of a trade mark under section 10(3), nine conditions must be satisfied: (i) the trade mark must have a reputation in the UK; (ii) there must be use of a sign by a third party within the UK; (iii) the use must be in the course of trade; (iv) it must be without the consent of the proprietor of the trade mark; (v) it must be of a sign which is identical 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) unfair advantage being taken of the distinctive character or repute of the trade mark, (b) detriment to the distinctive character of the trade mark (often referred to as “dilution”) or (c)

detriment to the repute of the trade mark (often referred to as “tarnishment”); and (ix) it must be without due cause.

39. All of these requirements are apparent on the face of the legislation, except for condition (vii), which has been read into the legislation by the Court of Justice. The Court has held that it is not necessary for the trade mark proprietor to establish a likelihood of confusion in order to succeed in a claim under Article 5(2) of Directive 89/104. Rather, it is sufficient for the degree of similarity between the mark and the sign to have the effect that the relevant section of the public establishes a link between the sign and the mark: see *Adidas-Salomon v Fitnessworld* at [29] and [31], Case C-102/07 *Adidas AG v Marca Mode CV* [2008] ECR I-2439 at [41] and Case C-487/07 *L’Oréal SA v Bellure NV* [2009] ECR I-5185 at [36]. The existence of such a link in the mind of the public is necessary, but not sufficient, to establish one of the three specified types of injury: see Case C-252/07 *Intel Corp Inc v CPM United Kingdom Ltd* [2008] ECR I-8823 at [31]-[32] and *L’Oréal v Bellure* at [37]. Thus this condition amounts to a requirement for causation between the use of the sign and one of those types of injury.
40. It is only necessary at this stage to discuss requirements (vii) (link) and (viii) (a) (unfair advantage) and (c) (detriment to repute). Aldi did not dispute that requirements (ii), (iii), (iv) and (vi) were satisfied. The judge made a finding as to requirement (i) (reputation) which is not challenged by Aldi. Although requirement (v) (similarity of mark and sign) remains in issue, it is best discussed in context. Thatchers was refused permission to appeal on detriment to distinctive character (condition (viii)(b)). Aldi does not contend that, if either unfair advantage or detriment to repute are established, it had due cause (condition (ix)).

Link

41. Whether the use of the sign gives rise to a link between the sign and the trade mark in the mind of the average consumer must be appreciated globally having regard to all the circumstances of the case: see *Adidas-Salomon v Fitnessworld* at [29]-[30], *Adidas v Marca Mode* at [42] and Case C-252/12 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [EU:C:2013:497] (“*Specsavers (CJEU)*”) at [120]. The fact that the sign would call the trade mark to mind for the average consumer, who is reasonably well informed and reasonably observant and circumspect, is tantamount to the existence of such a link: see Case C-252/07 *Intel Corp Inc v CPM United Kingdom Ltd* [2008] ECR I-8823 at [60] and *Specsavers (CJEU)* at [121].

Unfair advantage

42. The leading case on unfair advantage is *L’Oréal SA v Bellure*. In that case L’Oréal owned the word marks Trésor, Miracle, Anaïs-Anaïs and Noa Noa for perfumes and other products. They also owned figurative marks consisting of representations of the Trésor and Miracle perfume bottles and packaging. The defendants sold imitations of the L’Oréal fragrances. La Valuer was sold in a bottle and packaging which were generally similar to those of Trésor. Pink Wonder was sold in a bottle and packaging which were generally similar to those of Miracle. The similarity was unlikely to mislead the public. In addition, Coffret d’Or was sold in a bottle and packaging which were slightly similar to those of Trésor. Other imitations were sold in bottles and packaging which did not resemble those of the L’Oréal fragrances. The defendants

provided retailers with comparison lists which indicated by reference to the word marks which imitation corresponded with which L'Oréal fragrance.

43. L'Oréal brought proceedings for trade mark infringement. L'Oréal contended that the use of the comparison lists infringed the word marks pursuant to section 10(1) of the 1994 Act and that the use of similar bottles and packaging infringed the Trésor and Miracle word, bottle and packaging marks pursuant to section 10(3). This Court referred five questions to the Court of Justice. The first four questions concerned the section 10(1) claim, and the interaction between section Article 5(1)(a) of Directive 89/104 and Article 3a(1)(g) and (h) of Council Directive 84/450 of 10 September 1984 concerning misleading and comparative advertising (as amended) ("the Comparative Advertising Directive"). The fifth question concerned the section 10(3) claim.
44. The Court of Justice interpreted the fifth question at [32] as essentially asking:

“... whether Article 5(2) of Directive 89/104 must be interpreted as meaning that a third party who uses a sign similar to a trade mark with a reputation can be held to take unfair advantage of the mark, within the meaning of that provision, where such use gives that party an advantage in the marketing of his goods or services, without, however, giving rise, as far as the public is concerned, to a likelihood of confusion or causing or risking causing detriment to the mark or to its proprietor”.
45. The Court defined “unfair advantage” at [41] as follows:

“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.”
46. The Court of Justice explained the correct approach to determining whether unfair advantage has been taken of the distinctive character or repute of the trade mark as follows:
 - “44. In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark’s reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive

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

45. In addition, it must be stated that any such global assessment may also take into account, where necessary, the fact that there is a likelihood of dilution or tarnishment of the mark.

...

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

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

47. Accordingly, the Court held at [50] that the answer to the fifth question was that:

“Article 5(2) of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or

the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image."

48. It is clear both from the wording of the relevant provisions and from the case law of the Court of Justice and General Court interpreting them, in particular *L'Oréal v Bellure*, that this aspect of the legislation is directed at a particular form of unfair competition. It is also clear from the case law both of the Court of Justice and General Court and of the domestic courts and tribunals that the defendant's conduct is most likely to be regarded as unfair where the defendant intends to take advantage of the reputation of the trade mark. Nevertheless, in *Jack Wills Ltd v House of Fraser (Stores) Ltd* [2014] EWHC 110 (Ch), [2014] FSR 39 I concluded at [80] that there was nothing in the case law to preclude the court from holding in an appropriate case that the use of a sign the objective effect of which is to enable the defendant to benefit from the reputation of the trade mark amounts to unfair advantage even if it is not proved that the defendant subjectively intended to exploit that reputation. Counsel for Aldi did not challenge that conclusion. I must nevertheless return to this topic later in this judgment.
49. Counsel for Aldi did submit that the Court of Justice's guidance in the passages from *L'Oréal v Bellure* which I have quoted above was concerned with imitation products. It is true that that was the factual context of the reference, but the Court of Justice was interpreting Article 5(2) of Directive 89/104 and its ruling was framed in more general terms. Moreover, any attempt to confine the ruling to imitation products would beg the question of what an imitation product is, as can be seen from counsel for Aldi's attempt to distinguish between "mere lookalikes" on the one hand and "replicas and imitations" on the other.

Detriment to the repute of the trade mark

50. The Court of Justice defined this in *L'Oréal SA v Bellure* at [40] as follows:

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

Change in economic behaviour

51. Although the case law of the Court of Justice establishes that infringement under section 10(3) requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the trade mark is registered, or a serious

likelihood that such a change will occur in the future, in the present case no separate argument was raised by Aldi about this requirement. It is therefore unnecessary to say anything further about it.

The judge's judgment

52. The judge introduced the dispute at [1]-[3]. She summarised Thatchers' claims at [4]-[17] and Aldi's defences at [18]. She set out the list of issues at [19]. She identified and assessed the witnesses at [20]-[24]. Thatchers' sole witness was Christopher Milton, a former director of and consultant to Thatchers. Aldi's principal witness was Mark Watkins, a Buying Director of Aldi. The judge set out the basic legal framework at [61]-[71]. Neither party criticises this part of her judgment. She considered the issues at [72]-[147]. Although several of the issues are no longer live, some of what she said in those contexts remains relevant.

The average consumer

53. At [72] the judge recorded that there was no dispute that the relevant average consumer was a retail purchaser of alcoholic beverages, including cider.

Similarity between the Trade Mark and the Sign

54. The judge considered this issue at [74]-[89]. She started by observing at [74]:

“As I have found, the correct comparison is between the Trade Mark and the Sign, which is the overall appearance of an individual can of the Aldi Product. Mr Howe invited the Court to compare the physical Thatchers Product which bears the Trade Mark with the Aldi Product, saying that will demonstrate conclusively the similarity of the Trade Mark and the Aldi Product. In my view, this is impermissible. Thatchers has chosen to plead its case such that I must compare a two-dimensional mark, being the Trade Mark (which is not the Thatchers Product) with a three-dimensional product, being the Sign (which is a single can of the Aldi Product). That is of itself a point of difference between the two.”

55. At [75] she noted that Thatchers relied on the fact that both the Trade Mark and the Sign included faint horizontal lines. Although the judge appears to have accepted that this was a similarity, she held that it was “not a relevant point of similarity” because the lines were so faint that they would not be noticed by the average consumer. She commented that “this is not a copyright or a design case”.

56. The judge set out a careful comparison between the Trade Mark and the Sign at [78]-[88]. Her principal conclusions were as follows:

- i) “[T]he dominant elements of the Trade Mark are the central element made up of the ‘THATCHERS’ brand with ‘CLOUDY LEMON CIDER’ in large and decorative font underneath. Less dominant but also important are the whole yellow lemons with quite large green

leaves disposed around the top and left edge; and the creamy-yellow colourway of the background.” ([78])

- ii) “The dominant elements of the Sign are the central element on the front and back of the can, which is made up of the bulls head device with the brand ‘TAURUS’ beneath. Also important but not dominant are the yellow, green and gold ‘swoosh’ emanating from the bulls head device in a curved arc both upwards and downwards, also on the front and back of the can; the whole yellow lemons disposed around the top, bottom and left edge front and back; and the creamy yellow background. I do not find the green leaves to be as important in the Sign as the Trade Mark, in part because they are smaller and detached from the lemons and in part because there is additional green on the Sign relating to the swoosh, which to my mind makes the leaves of less importance visually, but they are not negligible. Nor are the words ‘Cloudy Cider Lemon’ as dominant in the Sign as the equivalent words are in the Trade Mark, because they are in a smaller font which is not decorative, so look merely functional and descriptive. They are also not as centrally placed, being on the lower portion of the Sign. In addition, the word ‘Lemon’ is somewhat lost visually in yellow font on the cream background.” ([81]).
- iii) “[T]he brand names THATCHERS and TAURUS are aurally and conceptually dissimilar. Visually, the first and last letters of each being the same brings a very small element of visual similarity but it is minimal, and the presence of the very distinctive bulls head device on the Sign underlines the conceptual and aural dissimilarity of those brands and in my judgment means that overall these dominant elements are dissimilar.” ([82])
- iv) “The swooshes on the Sign are important features which are not found on the Trade Mark and are a point of visual dissimilarity.” ([83])
- v) “The cloudy lemon cider/cloudy cider lemon wording is visually similar, conceptually identical and aurally similar as they are the same words with the same meaning, but in a different order. However both are merely descriptive of the product to which the Trade Mark is applied/ which is within the Sign (being the can) ... In addition, what makes this wording dominant in the Trade Mark (the size and decorative nature of font, its central positioning) is not replicated on the Sign, reducing the visual similarity ...” ([84])
- vi) “The fact that whole lemons and green leaves are used on both the Trade Mark and the Signs is a point of visual similarity and conceptual identity, but in my view they are dealt with quite differently in ... the style of the lemons ... the arrangement of lemons ... the treatment of the leaves ... Accordingly, I consider these differences considerably decrease the importance or weight of similarity of the fact of lemons and leaves in the overall effect produced by the Trade Mark and the Sign when considered as a whole.” ([85]-[86])

- vii) “The creamy yellow background of both the Trade Mark and the Sign, although not identical is a point of visual similarity ...” ([87])
- viii) “Finally, there is no arched wording giving the effect of a roundel in the Sign as there is in the Trade Mark, which is a point of dissimilarity between them.” ([88])

57. Taking all of this into account, she concluded at [89] that the Sign was “similar to the Trade Mark, but to a low degree”.

Enhanced distinctiveness of the Trade Mark

58. The judge considered this at [91]-[99]. She found at [99] that, by the date when the Sign was first used, the Trade Mark had enhanced distinctiveness because of the extensive use Thatchers had made of it. The judge’s finding in this respect was a nuanced one. Three points should be noted.

59. First, at [95]-[96] she rejected Aldi’s argument that “none of the Trade Mark is distinctive except the ‘THATCHERS’ brand at the centre, because all of the remaining elements are either descriptive or decorative”.

60. Secondly, she said at [97]:

“In my judgment, this is not a case where the average consumer would perceive all of the Trade Mark outwith the ‘THATCHERS’ as having distinctive significance independently of the whole, as ‘THATCHERS’ is the central and dominant component of the Trade Mark. Rather, the average consumer would perceive that the Trade Mark has a different and enhanced meaning to the ‘THATCHERS’ brand solus, namely that it is distinguishing the Thatchers Product as being that brand’s cloudy lemon cider product rather than any other product in the Thatchers family of ciders to which the ‘THATCHERS’ brand is also applied. ...”

61. Thirdly, she said at [98]:

“... I reject Aldi’s argument that there is no evidence that the Trade Mark applied to cloudy lemon cider would be perceived by consumers as conveying any different brand origin to a plain packaging simply with the ‘THATCHERS’ brand on it, because the descriptive and decorative graphic elements will not be relied upon as denoting origin when it is ‘THATCHERS’ providing that guarantee. ... The question is whether there is any enhanced distinctiveness of the Trade Mark to the ‘THATCHERS’ brand alone, and I have dealt with that above. That argument is also not supported by the evidence, in my judgment, including that of Aldi’s witness Mr Watkins. He told us that the design of packaging was important for improving the attractiveness of a product to customers, communicating what the product was, improving shelf stand-

out and enhancing sales. He made clear that he thought Thatchers had done a really good job in its design of the Trade Mark. Consumers who took part in a focus group arranged by Thatchers with Co-op thought the packaging with the Trade Mark on it looked fresh, lemony, zest and appealing and said they couldn't wait to try it. That cannot have been because of the 'THATCHERS' brand on the front, in my judgment, but because of the Trade Mark as a whole."

Reputation of the Trade Mark

62. The judge considered this at [113]-[116]. She found that the Trade Mark had a reputation by the date when the Sign was first used. In this context she rejected Aldi's argument that reputation attached to the THATCHERS brand name and not to the Trade Mark as a whole. As she explained at [115]:

"... I do not accept that a plain can stamped with 'THATCHERS' or 'THATCHERS Cloudy Lemon Cider' is likely to have accrued as much in sales as the Thatchers Product has achieved with the Trade Mark applied to it, nor that it could have been heavily promoted and subject to such wide engagement on social media in plain packaging as it has under the Trade Mark. That is a simply unrealistic submission, in my judgment. Once again, it is also not supported by Aldi's own evidence that improving the design of its packaging would improve the attractiveness of the Aldi Product to consumers, and enhance sales. That principle – which is surely a basic principle of marketing retail goods such as these – must equally apply to the Thatchers Product, which Mr Watkins thought did a very good job of using whole lemons in its design of the Trade Mark to communicate to customers exactly what the Thatchers Product was. That is why one of his team members emailed Aldi's third party packaging designers to say, '*add lemons as per Thatchers*'."

Link

63. The judge considered this issue at [117]-[122]. As she recorded at [118]:

"Thatchers rely on evidence made in consumer comments on social media about the Aldi Product ('*a Thatchers Lemon cider rip off*', '*my kids would call this a knock off brand*', '*very good Thatchers cider rip-off*', '*not quite Thatchers Lemon but for half the price there's not much to complain about*' and '*Not as good as thatchers but still decent*') and oral comments that Mr Milton says were made to Thatchers' staff (although he does not particularise those comments, saying merely that they referred to the similarities between Thatchers Product and Aldi's Product) ... to support its case that the Court can be satisfied that the average consumer would draw a link in his mind between the Sign and the Trade Mark."

64. The judge found at [122] that the average consumer “seeing the Sign would call to mind the Trade Mark”.

Aldi’s intention

65. The judge considered Aldi’s intention in two places in her judgment. The first was when considering likelihood of confusion. In that context she said:

“108. Mr Howe submits that the fact that Aldi’s specific instruction to Black Eye after receiving the first iteration of the design, which he says plainly followed the Taurus house style and in relation to which Thatchers has no complaint, was to add lemons so that it was ‘a hybrid of Thatchers and Taurus’, shows that Aldi intended to copy the Thatchers Product. Its later instructions and decisions about which options to take forward, he submits, meant that the design of the Aldi Product moved closer and closer to the Trade Mark as Aldi tried ‘to sail as close to the wind as they could’, until it got too close for the comfort of Aldi’s legal department, he infers, so that Mr Watkins made changes (to the wording and font of ‘Cloudy Lemon Cider’ for example) to move it further away again. That may be exactly what happened during the design process, but I am concerned with the final design of the Aldi Product, being the Sign, and I have found that overall it has a low degree of similarity to the Trade Mark.

109. The question of intention comes into both an assessment of likelihood of confusion for section 10(2)(b) infringement and also unfair advantage for section 10(3) infringement. As Daniel Alexander QC sitting as a judge of the High Court put the difficulty in *PlanetArt LLC v Photobox Ltd* [2020] EWHC 713 (Ch), [2020] ETMR 35 at [38]:

‘The difficulty with this aspect of law is not conceptual but arises because it is hard evidentially to disentangle a defendant’s intention to copy a claimant’s business from an intention to benefit from the claimant’s reputation and goodwill. In one sense any rival trader who is adopting similarities in approach and presentation of a business is intending to benefit from that but a court must be astute not to confuse that with the more specific intention to benefit from the reputation and goodwill of the registered trade mark.’

110. Mr Alexander QC went on to remind himself of the observations of Kitchin J [sic] as he then was, in *Specsavers* at [115], who distinguished between a defendant who takes a conscious decision to live dangerously and one who intends to cause deception and deliberately seeks to take the benefit of another trader’s goodwill. What Mr Howe describes Aldi did falls squarely, in my judgment, into Kitchin J’s definition of

the latter [sic]: ‘He has appreciated the risk of confusion and has endeavoured to adopt a sign which is a safe distance away’. Kitchin J also notes that the ultimate question about whether the similarity between trade mark and sign is such that there exists a likelihood of confusion, ‘...is one for the Court to determine in light of its global assessment of all material factors, of which the intention of the defendant... is only one.’ I will come back to *PlanetArt* in my consideration of intention to deceive in respect of section 10(3) TMA infringement.”

66. The second place was when considering the issue of unfair advantage. In that context she said:

“128. There are number of things to be said in relation to [Thatchers’s argument that Aldi had significantly departed from the standard benchmarking process by not matching their own house style and deliberately choosing branding highly similar to the Trade Mark.] The first is that this is not supported by the evidence. Thatchers’ own evidence is that the well-understood and acceptable process of benchmarking looks at the benchmark in relation to all aspects, not just flavour and quality. Mr Milton was clear that benchmarking involves looking at ‘*product development, design, looking at every aspect of the marketing mix...*’ including what the benchmark looked like, and that he would expect there to be some visual resemblance between the product which resulted and the benchmark. The second is that I am not satisfied that Aldi has significantly departed from its house style. It has added lemons and lemon leaves to the Aldi Product to communicate the lemon-nature of the contents, but the bulls head device, the ‘TAURUS’ branding, and the swoosh all remain intact in accordance with the established house style for the Taurus family of ciders.

129. I also remind myself that Mr Watkins said that Aldi added lemons to the Sign in part because Thatchers had, but mainly because lemons and lemon leaves (and particularly whole lemons, in his view) were very effective to communicate the fact to consumers that this was a lemon cider product. That second point is exactly the same reason given by Mr Milton to explain why Thatchers added lemons and lemon leaves to the design of the Trade Mark, to communicate to consumers that the Thatchers Product was a lemon cider, and not an apple-based cider like the rest of the Thatchers range. The Thatchers Product was produced following a market review in which Brothers’ Cloudy Lemon Cider, with its prominent lemon on the packaging, was one of the third party products considered. ... No doubt the desire to communicate that a product is lemon-flavoured is also the reason why the producers of numerous other lemon-flavoured beverages, including lemon

ciders, have added images of lemons, with and without their leaves, to the packaging of their products.

130. I considered in the context of likelihood of confusion Thatchers' submission that the documentary evidence relating to Aldi's design process, and Mr Watkins' evidence of the changes that he required to be made from the first iteration of the design of the can of Aldi's Product, should lead me to find Aldi had an intention, in designing the Sign, to benefit from Thatchers' reputation and goodwill in the Trade Mark. I have already found that in my judgment Aldi, through Mr Watkins, has endeavoured to adopt a sign which is a safe distance away. Returning to Mr Alexander KC's consideration of this problem in *PlanetArt*, he said at [80]:

'However, just as with trade mark infringement, some caution is needed in evaluating a defendant's intention. There is a fundamental difference between a defendant's intention to copy a claimant's business and a defendant's intention to represent falsely that it is or is connected with the claimant. While it may not always be easy to decide precisely what intention a defendant has, since that is rarely admitted by key witnesses and is usually concealed, it is important to make that distinction...'

131. I note the warnings that Mr Alexander went on to make in that paragraph about the reliability of witness evidence in assessing a defendant's intention. However, in this case, in my judgment, Mr Watkins' evidence that his intention was that the Aldi Product should be clearly understood as a 'TAURUS' branded cider is supported by the extensive use of the 'TAURUS' brand, the bulls head device and the swoosh on the front and back of Sign as well as on those things which provide the context against which the Sign was intended to be seen by consumers, namely the cardboard packing of the 4-can pack It is also supported by the low degree of similarity of the Sign to the Trade Mark that I have found. On balance, I am satisfied that Aldi did not develop the Aldi Product, being the Sign, with an intention to take advantage of the goodwill and reputation in the Trade Mark."

Unfair advantage

67. The judge considered this at [124]-[134]. Having rejected Thatchers' case on intention as set out above, she went on to consider whether the objective effect of the use of the Sign was to enable Aldi to benefit from the reputation of the Trade Mark:

"133. Mr Howe submits for Thatchers that I can be satisfied that the Sign caused a change in economic behaviour of customers, because the packaging of the Aldi Product was specifically

designed to attract more customers, and was changed from the first iteration of the design, being the house style, to do so. As I pointed out in closing, surely all design decisions in relation to the look of packaging, where not legally mandated, are intended to make the products more attractive to consumers and encourage sales. The question is whether the similarities that I have found that between the Sign and the Trade Mark have caused consumers to change their economic behaviour (a likelihood of change not being relevant in this case where the Aldi Product is no longer on the market). Thatchers have not satisfied me that is the case. I have stated that the evidence of the sales achieved by Aldi for the Aldi Product which is the Sign do not look disproportionate in relation to sales of other ciders in the Taurus Family. Mr Milton's evidence that they are astonishing and can only result from unfair advantage resulting from Thatchers' investment in the promotion and marketing of the Trade Mark amount to little more than supposition, in my judgment.

134. Taking the global view, therefore, although I have found that Trade Mark has reputation gained in the course of trade, and that the Trade Mark as a whole has an enhanced level of distinctiveness because of the level of that trade and the promotion and marketing of it by Thatchers, I have also found that it has a low level of similarity with the Sign, and those elements which I have found are similar are either not distinctive because they are descriptive (the text), or are ubiquitous (the limited colour palette) or are commonplace (the use of lemons and lemons on lemon-flavoured beverages). I am not satisfied of an intention to exploit the reputation and goodwill of the Trade Mark or that the use of the Sign has objectively had the effect of doing so. I have in mind my views on tarnishment which I will now go on to set out. In these circumstances, the claim in unfair advantage fails.”
68. The penultimate sentence of [133] refers to her earlier findings in the following passage:
- “59. ... looking at the sales figures for the Aldi Product in the context of the overall 3-year sales figures for the Taurus family of ciders as a whole as set out in tabular form in Mr Watkins' first witness statement, I do not find them astonishing. Taurus was an established brand and in 2022, when the Aldi Product was launched, the sales achieved by the three regular flavours (Taurus Original, Pear and Dark Fruit) were over £16m in 4-can packs and a further £5m of Original in 2 litre bottles.
60. The Aldi Product sales over its short life in 2022-2023 at £1.6m in the 2022 sales seems to be (a) in proportion with the £1.4m sales of Taurus Cloudy Cider in 2021 with a run-off in 2022, when it was discontinued; (b) about the same level of

sales over the same period of Taurus Rose, which was also discontinued in 2023, although that had also sold very well in 2021, and (c) although higher than another seasonal variant launched in 2022 and sold in 2022-23, Taurus Cherry, at £1.83m in total, I cannot see that this is disproportionately higher, given the popularity of lemon-flavoured drinks over cherry-flavoured drinks and in the context of the figures as a whole.”

Detriment to the repute of the Trade Mark

69. The judge considered this at [135]-[143]. As she explained, Thatchers put its case on detriment in two ways. The first related to what it submitted was the difference in taste between the Aldi Product and the Thatchers Product arising from their different composition. The second related to what it submitted was deceptive wording on the Aldi Product that it is made with premium fruit.

70. So far as the first argument is concerned, the judge found the taste of the two products to be “very similar, but I accept that they are different” ([136]). She did not accept that this would be detrimental to the reputation of the Trade Mark for the reasons she gave at [140]:

“... I am not convinced by the argument that those consumers, who I have found are not confused between the Trade Mark and the Sign but have formed a link between the two, so they know that they are drinking the Aldi Product, if they do not like the taste of it, will consider that makes the Thatchers Product sold under the Trade Mark a less attractive proposition. This is not a case, in my judgment, where the products are so significantly different that the taste of the Aldi Product is liable to cast the Thatchers Product sold under the Trade Mark in a negative light.”

71. As for the second argument, she rejected this for the following reasons:

“141. ... I spent some time with Mr Howe trying to understand how Thatchers put their case on this point. He submits that consumers who buy the Aldi Product knowing it is the Aldi Product, who rely on the statement that it is made from premium fruit as meaning that it is made with real lemons, but who later discover by reading the labelling on the back that it does not contain lemon juice but only ascorbic acid and lemon flavourings, may because of the link in their mind between the Sign and the Trade Mark, distrust the honesty of the claim on the Trade Mark that the Thatchers Product is made with real lemons.

142. I am not with Thatchers. It seems to me that if that situation should arise, the consumer may distrust Aldi, and learn a lesson about ambiguous tag-line wording and the need to check the label, but there is no reason to suppose that it will distrust

Thatchers, when the wording on the Trade Mark is not ambiguous, and is supported by the information on the label on the back of the Thatchers Product.”

The appeal

72. Thatchers have permission to appeal on no less than ten grounds, although some of them overlap. For its part Aldi has served a respondent’s notice seeking to uphold the judge’s decision on five additional or alternative grounds. The arguments on the appeal lasted two days, as long as the entire trial before the judge. It is clear that, as a result this Court received much more assistance on section 10(3) than the judge did. Furthermore, unlike the judge, we have not had to consider Thatchers’ claims under section 10(2) and for passing off.

The test on appeal

73. It is common ground that, in so far as the appeal challenges 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 appeal challenges 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 *Lifestyle Equities CV v Amazon UK Services Ltd* [2024] UKSC 8, [2024] Bus LR 532 at [46]-[50] (Lord Briggs and Lord Kitchin).

What is the Sign? (Thatchers’ grounds 10 and 11)

74. The first step in any trade mark infringement dispute is to identify the sign being used by the defendant which is to be compared with the claimant’s trade mark. It is common ground that it is incumbent on the claimant to specify in its particulars of claim the sign or signs of which it complains. It is also common ground that the court is not bound to accept the claimant’s allegation as to what the sign is, but is entitled to form its own view: see, for example, *Samuel Smith Old Brewery (Tadcaster) v Lee* [2011] EWHC 1879(Ch), [2012] FSR 7 at [88]-[91].
75. The judge discussed this question at [8]-[17]. She considered that Thatchers’ Particulars of Claim did not clearly identify the sign complained of (“the Sign”). Furthermore, she found counsel for Thatchers’ submissions on this topic contradictory and confusing. She concluded at [17] that, on the proper interpretation of the Particulars of Claim, “the Sign is the overall appearance of a single can of the Aldi Product, and not merely one face of it”. She did not form her own view on the question.
76. Thatchers contends that the judge fell into error into two respects. The first is that she wrongly treated both repeats of the design on the can as forming part of a single Sign and excluded the repetition of the design on the front of the cardboard packaging. The second is that she wrongly treated the Sign as a three-dimensional product. (The significance of these points will become apparent when I come to the question of similarity.)

77. The Particulars of Claim defines the Aldi Product at paragraph 14 as “a cloudy lemon cider product ... an illustration of a 4-can pack of which appears below”. In paragraph 17 Thatchers alleges that “the Defendant in designing the appearance of the Aldi Product, and in particular the graphics on the cans and on the 4-can cardboard pack, intentionally mimicked the appearance of the Thatchers Product”. In paragraph 19 Thatchers pleads:

“In adopting and using the graphics on the cans and on the cardboard 4-can pack, the Defendant has used in the course of trade in the UK without the consent of the Claimant signs which are similar to the Trade Mark in respect of goods identical to those for which the Trade Mark is registered ...”

Further complaint is made about “the graphics on the Aldi Product” in paragraph 20.

78. In my view it is clear from this pleading that the Sign is “the graphics on the cans and on the cardboard 4-can pack” of the Aldi Product, not the Aldi Product itself. Moreover, it is also tolerably clear that this means the design that is printed on the front and rear of each can and on the front of the cardboard packaging. As explained in paragraph 5 above, essentially the same design is printed both on the cylindrical surface of the can and on the flat surface of the cardboard packaging. Even if that were not clear from the pleading, I would reach the same conclusion as a matter of assessment. Accordingly, I consider that Thatchers is right that the judge erred in both the respects it alleges.
79. I would add that, contrary to her conclusion at [17], it is evident from what the judge said when discussing the question of similarity that she did not treat the information panel on the side of the Aldi Product as part of the Sign. In that respect, I consider that she was correct.

Similarity between the Sign and the Trade Mark (Thatchers’ ground 4 and Aldi’s ground 1)

80. Thatchers challenges the judge’s assessment of the degree of similarity between the Sign and the Trade Mark as “low”. Aldi contends that her conclusion is supported by textual differences between the respective information panels on the cans which she did not take into account.
81. Aldi’s contention is disposed of by my conclusion as to what constitutes the Sign in paragraphs 78-79 above. Thatchers’ challenge at first blush appears unpromising, because the assessment of the degree of similarity between a sign and a trade mark is a matter for the first instance tribunal and because what matters is the tribunal’s assessment of the nature and extent of any similarities rather than the verbal label the tribunal employs to summarise its conclusion: see *TVIS Ltd v Howserv Services Ltd* [2024] EWCA Civ 1103, [2024] FSR 34 at [34]-[35]. Thatchers nevertheless submits that the judge made two errors of principle when assessing similarity.
82. First, Thatchers argues that the judge was wrong to hold at [74] that “a point of difference” between the Trade Mark and the Sign was that the Trade Mark was two-dimensional whereas the Sign was three-dimensional. I agree with this. This error partly stems from the judge’s error as to what constitutes the Sign. In addition, the judge was incorrect to disregard the way in which Thatchers used the Trade Mark,

namely printed on the front and rear of the cylindrical surface of cans of the Thatchers Product (as well as on the front, rear and top of the cardboard packaging). It is well established that trade mark infringement is to be considered on the basis of notional fair use of the trade mark even if the trade mark has not in fact been used: see e.g. *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2002] EWCA Civ 1828, [2003] RPC 32 at [59] and [62] (Aldous LJ). If the trade mark has been used, the manner in which the trade mark has actually been used by the proprietor is normally the paradigm case of notional fair use of the trade mark. Furthermore, the manner in which the trade mark has been used is relevant to the assessment of its distinctive character and reputation: see *Specsavers (CJEU)* at [36]-[38] (trade mark registered in monochrome and used in green). Indeed, that was precisely the basis upon which the judge assessed the distinctive character and reputation of the Trade Mark.

83. Secondly, Thatchers argues that the judge was wrong simply to import a finding of similarity which she initially made for the purposes of considering infringement under section 10(2) into her assessment of the section 10(3) case. Thatchers does not dispute that the threshold requirement that the sign be similar to the trade mark (as to which, see *Maier v ASOS plc* [2015] EWCA Civ 220, [2025] ETMR 26 at [73] (Kitchin LJ)) is the same in both contexts. Nor does Thatchers dispute that, in both contexts, the assessment required is of the nature and extent of any visual, aural or conceptual similarities between the sign and the trade mark: see *Adidas-Salomon v Fitnessworld* at [28]. Thatchers submits, however, that the purpose of the assessment is different. In the context of section 10(2), the question is whether the similarity between the sign and the trade mark, in combination with the identity or similarity of the goods or services and other relevant factors, is such as to give rise to a likelihood of confusion. In the context of section 10(3), the question is whether the similarity between the sign and the trade mark, in combination with other relevant factors, is such as to give rise to a link and one of the three specified types of injury. Aldi accepts that the purpose of the assessment of similarity is different, but argues that this does not alter the assessment itself.
84. The reason why this matters in the present case is that it can be seen from the judge's assessment of similarity that she focussed upon the distinctive and dominant components of the Trade Mark and their counterparts in the Sign. Thatchers accepts that she was correct to do so when considering similarity for the purposes of likelihood of confusion, but contends that she was wrong simply to import that conclusion into her section 10(3) analysis.
85. In principle it seems to me that Thatchers is correct that it is necessary to bear in mind the purpose of the assessment of similarity: see *TVIS v Howserv* at [35] and compare *Extreme Networks Ltd v Extreme E Ltd* [2024] EWCA Civ 1386 at [19] (similarity of goods or services). It is also correct that the purpose is different in the different contexts: see *Comic Enterprises Ltd v Twentieth Century Fox Film Corp* [2016] EWCA Civ 41, [2016] ETMR 22 at [110] (Kitchin LJ). I am bound to say, however, that in my experience it is commonplace for tribunals to make a single assessment of similarity and then to use that assessment for both purposes. Indeed, I have often done so myself. In my view there is nothing wrong in taking such a short-cut provided that the tribunal takes care not to allow its analysis of the other requirements for infringement under section 10(3) to be conditioned by factors which are only relevant to likelihood of confusion.

86. The upshot is that I consider the judge's assessment of similarity was flawed for the first reason given by Thatchers. It follows that she should have assessed the similarity as being somewhat greater than she did. As for the second reason, I see nothing wrong in the judge having assessed similarity only once; but as will appear, I consider that she erred at later stages in her analysis.

Was there a link? (Aldi's ground 4)

87. Aldi challenges the judge's finding that the average consumer would have made a link between the Sign and the Trade Mark. This is a challenge to a finding of fact, and Aldi did not attempt to demonstrate that that finding was rationally insupportable. As Aldi no doubt recognised, there was evidence which plainly entitled the judge to make that finding, including the comments on social media showing that the Sign reminded consumers of the Trade Mark which the judge quoted at [118]. Nor is that surprising given the similarities between the two. The judge's finding is also supported by my conclusion below as to Aldi's intention.
88. Upon analysis, counsel for Aldi's argument in support of this ground was directed not to challenging the judge's conclusion that there was a link, but to supporting her conclusion that there was no unfair advantage. This explains why he argued it together with Aldi's grounds 2 and 3. I shall therefore address it in that context.

Aldi's intention (Thatchers' grounds 5, 6 and 7)

89. Thatchers contends that the judge's analysis of Aldi's intention was flawed for three reasons. First, she confused an intention to take advantage of the reputation of the trade mark, which is relevant to section 10(3), with an intention to deceive, which is relevant to section 10(2). Secondly, she made what Thatchers contends is a rationally insupportable finding that Aldi had not significantly departed from its house style for Taurus ciders. Thirdly, she wrongly discounted the faint horizontal lines present in both the Trade Mark and the Sign.
90. In considering these contentions, the starting point is to consider the relevance of the defendant's intention. It is common ground that, in the context of section 10(2) and passing off, the defendant's intention is only of evidential relevance.
91. I considered the authorities on this question, including the judgment of Kitchin LJ in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24, [2012] FSR 19 ("*Specsavers (CA)*"), in the context of passing off in *Glaxo Wellcome UK Ltd v Sandoz Ltd* [2019] EWHC 2545 (Ch), [2014] RPC 27 at [182]-[187]. It is clear from the authorities that, if it is proved that the defendant intended to deceive consumers, then that assists the claimant to establish a likelihood of confusion (section 10(2)) or deception (passing off). As to "living dangerously" (also referred to as "sailing close to the wind"), I concluded at [188]:

"If it is proved that the defendant was aware of the risk of deception and proceeded recklessly, then that is capable of supporting the conclusion that deception was likely even if the defendant did not intend to deceive. If, however, what is proved is that the defendant was aware of the risk, but thought that he had done sufficient to avoid it materialising, then that is not

supportive of the conclusion that deception was likely, but rather of the reverse.”

Neither party took issue with this statement of the law.

92. It is also common ground that, in the context of section 10(3), the defendant’s intention is also of evidential relevance in a similar way. The rationale for this is that an experienced trader like Aldi is presumed to understand its target market and therefore to know how the consumers in that market are likely to react: see *Glaxo v Sandoz* at [185] and [188].
93. Both counsel for Thatchers and counsel for Aldi recognised that it appears from *L’Oréal v Bellure* that the defendant’s intention may be of more than merely evidential relevance, but neither was able to provide any satisfactory explanation of why that should be so. Why should it matter that the defendant intended to take advantage of the reputation of the trade mark if the defendant did not take unfair advantage of that reputation upon an objective assessment? Conversely, if upon an objective assessment the defendant has taken unfair advantage of the reputation of the trade mark, why should it matter (apart from evidentially) whether or not the defendant intended to take advantage of that reputation? Fortunately, it is not necessary to try to resolve this question in the present case.
94. Against that background, I turn to consider Thatchers’ first contention. Thatchers did not allege that Aldi intended to deceive consumers, but it did plead in paragraph 18 of the Particulars of Claim that, in adopting the Sign, “the Defendant intentionally set out to create a link in the minds of consumers between the Aldi Product and ... the Trade Mark in order to encourage consumers to buy the Aldi Product and thereby benefit from that link”. Furthermore, it pleaded in paragraph 20(c) that:

“The Defendant by its use of the graphics on the Aldi Product seeks to ride the coattails of the substantial reputation of the Trade Mark in order to benefit from its power of attraction, fame and/or prestige, and to exploit the marketing effort expended by the Claimant to create and maintain the images [sic] of that mark.”
95. It can be seen from the judge’s judgment that she directed herself by reference to the judgment of Daniel Alexander QC sitting as a Deputy High Court Judge in *PlanetArt LLC v Photobox Ltd* [2020] EWHC 713 (Ch), [2020] ETMR 35. In that judgment Mr Alexander considered the relevance of the defendant’s intention in two places. First, he considered its relevance to unfair advantage, indirectly citing (by reference to *Sky plc v SkyKick UK Ltd* [2018] EWHC 155 (Ch) at [315]) *Jack Wills v House of Fraser* at [80] and directly citing *Specsavers (CA)*, at [37]-[39]. Secondly, he considered its relevance to passing off at [79]-[80]. If the judge’s judgment is compared with Mr Alexander’s judgment, it can be seen that at [109] she has cited what he said in the context of section 10(3) as part of her assessment of likelihood of confusion and that at [130] she has cited what he said in the context of passing off as part of her assessment of unfair advantage. In other words, she has transposed the relevant passages. Furthermore, the judge stated at the end of [110] that she would “come back to *PlanetArt* in my consideration of *intention to deceive* in respect of section 10(3) TMA infringement [emphasis added]”.

96. Thatchers submits that the judge thereby fell into error, because she muddled up, or at least failed clearly to distinguish between, an intention to deceive and an intention to take advantage of the reputation of the trade mark. Aldi submits that these points are merely infelicities of drafting and that it is sufficiently clear from what she said at [131] that the judge asked herself the correct question. In my judgment Thatchers is right about this, although in fairness to the judge I should point out that Mr Alexander may have sowed the seeds of her confusion by referring to intention to deceive in the context of his discussion of section 10(3) at [39]. It is not merely a question of infelicity of drafting: in [131] the judge placed considerable emphasis on Mr Watkins' evidence that his intention was that the Aldi Product should be clearly understood as a Taurus-branded cider, which would have been highly relevant to any allegation of any intent to deceive, but was much less relevant to Thatchers' pleaded allegation of an intention to take advantage of the reputation of the Trade Mark.
97. This point may also perhaps go some way to explaining the judge's findings which are the subject of Thatchers' second and third criticisms. Dealing with these in turn, Thatchers submits that the judge was obviously wrong to find at [128] that Aldi had not significantly departed from its house style for Taurus ciders. I agree with this: the Sign represents a manifest departure from the house style in three significant respects. First, the house style features the word TAURUS printed in white on a black background, whereas the Sign has TAURUS (and CLOUDY LEMON) printed in black on a pale yellow background. Secondly, the house style does not include any images of fruit, whereas the Sign includes prominent images of lemons (and also leaves). Thirdly, the combined effect of the pale yellow background and the presence of the lemons makes the "swooshes" less prominent. These points hold good even for the comparison with Taurus Cherry, which was introduced after the Aldi Product.
98. As for the faint horizontal lines, the judge discounted these at [75] because they would not be noticed by consumers. Thatchers does not dispute that she was correct to take that view when assessing likelihood of confusion, but argues that she was wrong to do so when assessing Aldi's intention. Again, I agree with this. As Thatchers submits, it is often the reproduction of inessential details which gives away copying. The judge was correct to say that this is not a copyright or design case, but what this shows is close imitation by Black Eye of the Trade Mark: there is no other explanation for it in the evidence.
99. It follows that it is necessary for this Court to re-assess Thatchers' pleaded allegation. In my judgment it is plain from a comparison between the Sign and the Trade Mark that the former closely resembles the latter. The third-party products illustrated in paragraphs 13 and 18 above demonstrate that it is entirely possible to convey the message that a beverage is lemon-flavoured without such a close resemblance, and therefore the resemblance cannot be coincidental. This is confirmed by (i) Aldi's departure from its house style for Taurus ciders, (ii) the imitation of the faint horizontal lines and (iii) the design process revealed by the documentary evidence referred to in paragraph 21 above. The inescapable conclusion is that Aldi intended the Sign to remind consumers of the Trade Mark. This can only have been in order to convey the message that the Aldi Product was like the Thatchers Product, only cheaper. To that extent, Aldi intended to take advantage of the reputation of the Trade Mark in order to assist it to sell the Aldi Product. The fact that, as Mr Watkins was keen to emphasise, Aldi did not intend consumers to be deceived, or

even confused, as to the trade origin of the Aldi Product does not detract from this. It appears that Aldi may have taken legal advice about the design of the packaging of the Aldi Product, but even if it did that is irrelevant given that any such advice has not been disclosed.

Aldi's sales figures (Thatchers' ground 3)

100. Thatchers contends that the judge was wrong to find at [59]-[60] and [133] that the sales achieved by Aldi for the Aldi Product were not disproportionate to those of other ciders in the Taurus range.
101. Before addressing this contention, it is necessary to put it into context. Aldi contends by grounds 2 and 3 of its respondent's notice that the judge should have found that it had not taken any advantage of the reputation of the Trade Mark at all. In Aldi's skeleton argument and in oral submissions, however, counsel for Aldi did not press these grounds that far. Instead he relied upon them as supporting the judge's conclusion that no unfair advantage had been taken of the reputation of the Trade Mark.
102. The judge did not attempt to decide first whether Aldi's use of the Sign had taken advantage of the reputation of the Trade Mark and secondly whether that advantage was unfair. Rather, she simply decided that no unfair advantage had been taken. I see nothing wrong in that approach. Although it is implicit in section 10(3), and confirmed by this Court's decision in *Argos Ltd v Argos Systems Inc* [2018] EWCA Civ 2211, [2019] FSR 3, that it is possible for use of a sign to take commercial advantage of the reputation of a trade mark without that advantage being unfair, it may be difficult in many cases to compartmentalise the questions of whether the use of the sign has taken advantage of the reputation of the trade mark and whether the advantage is unfair. Given the way the appeal was argued, however, it is nevertheless convenient to address the issues concerning the sales figures before turning to the issue of unfair advantage.
103. Thatchers makes a number of criticisms of the judge's analysis of Aldi's sales figures at [59]-[60]:
 - i) It involved a comparison between sales of a "seasonal" product designed to sell out with sales of regular variants (Taurus Original, Pear and Dark Fruit) sold year round.
 - ii) It involved a comparison between a fruit-flavoured cider and apple-flavoured ones (Taurus Cloudy Cider and Rosé).
 - iii) It involved a comparison between a product sold for 7½ months of 2022 with products sold over the whole of 2022.
 - iv) It involved discounting the difference between the sales of the Aldi Product and the sales of Taurus Cherry over a longer period on the basis that lemon-flavoured drinks were more popular than cherry-flavoured ones when there was no evidence that that was the case.

- v) It ignored the price differential between the products: Aldi sold a four-can pack of the Aldi Product and of Taurus Rosé for £3.99 whereas it sold a four-can pack of Taurus Original for £2.39. (The price of Taurus Cherry is not in evidence.)
104. In my judgment there is force in these criticisms, and in particular the fourth one. The sales data available are limited, however and make it difficult to draw meaningful comparisons. All one can say with confidence is that the Aldi Product achieved significant sales in a short period of time without any promotion, and appears to have sold better than the nearest comparator in the Taurus range, namely Taurus Cherry.
105. Thatchers also argues that the entire exercise undertaken by the judge rests upon the unspoken but illegitimate assumption that the other products in the Taurus range achieved sales on their own merits, whereas Thatchers contends that they benefitted from riding on the coat-tails of Strongbow, the leading brand of cider in the UK. In support of this Thatchers relies upon: (i) the close resemblance between the other Taurus products and the corresponding Strongbow products, as shown below; and (ii) an admission by Mr Watkins that Strongbow was used as the benchmark when developing the Taurus range.





106. Thatchers accepts that Strongbow would not have a cause of action under section 10(3) if it does not have a registered trade mark encapsulating the features of the Strongbow getup which have been imitated by Aldi. Thatchers also acknowledges that Strongbow may have commercial reasons for not taking legal action against Aldi even if it could (e.g. because Aldi sells Strongbow ciders.) But Thatchers argues that neither of these points detracts from its contention that Aldi has gained an advantage by using packaging which brings Strongbow to mind.
107. Aldi objects that Thatchers did not plead any case that the other products in the Taurus range had taken unfair advantage of the reputation of any Strongbow trade marks. On the other hand, Thatchers did plead in paragraph 13 of the Particulars of Claim that the Taurus products “are highly similar in appearance to the corresponding products of ... Strongbow”.
108. This issue does not appear to have been properly investigated at trial, perhaps due to the constraints imposed by the IPEC procedure, which no doubt explains the absence of any discussion of it by the judge. In those circumstances, it is not possible to reach any conclusion in relation to it; but nor do I consider it necessary to do so.
109. It is sufficient for Thatchers’ purposes to conclude, as I have done, that the Aldi Product achieved significant sales in a short period of time without any promotion. As Thatchers points out, Aldi has not attempted to prove that it would have made the same volume of sales without use of the Sign, but rather with a design that was consistent with the house style of the Taurus range.

Unfair advantage (Thatchers’ grounds 1 and 2 and Aldi’s grounds 2 and 3)

110. Thatchers contends that the judge was wrong to reject its case that Aldi’s use of the Sign had taken unfair advantage of the reputation of the Trade Mark. Although Thatchers’ grounds extend more broadly, its central criticism of the judge’s treatment

of this issue is that she failed to address Thatchers' pleaded case that Aldi's use of the Sign had resulted in a transfer of image of the kind described by the Court of Justice in *L'Oréal v Bellure* at [41] and [49] (see paragraphs 45-46 above).

111. Thatchers pleaded in paragraph 20(d) of the Particulars of Claim:

“The Defendant's use of [the graphics on the Aldi Product] ... will cause a transfer of image from the Thatchers Product and the Trade Mark to the Aldi Product and its appearance in the mind of consumers.”

112. Furthermore, Thatchers' trial skeleton argument submitted in paragraph 80(b) that “[t]his is a paradigm case of link in the minds of consumers resulting in transfer of image from the registered trade mark”. Yet further, counsel for Thatchers argued in his oral opening submissions that:

“... this is classic unfair advantage by a transfer of image. A classic case like *L'Oréal v Bellure*, and we would respectfully say it falls squarely [within] the guidance of the Court of Justice in *L'Oréal v Bellure*.”

113. Despite this, there is no discussion of transfer of image by the judge. Although the effect of her decision was to reject Thatchers' case on this point, she gave no reasons for doing so. This is a clear error of principle. It follows that this Court must consider the matter afresh. In doing so it is necessary to correct the judge's other errors identified above, and in particular those concerning the similarity of the Sign and the Trade Mark and Aldi's intention. On the other hand, there is no challenge by Aldi to her finding that the Trade Mark had a reputation.

114. In my judgment Thatchers is correct that the present case is squarely within the Court of Justice's description in *L'Oréal v Bellure* at [41] and [49] of “a transfer of the image of the mark” and “riding on the coat-tails of that mark”. For the reasons given in paragraph 99 above, it is clear that Aldi intended the Sign to remind consumers of the Trade Mark in order to convey the message that the Aldi Product was like the Thatchers Product, only cheaper. To that extent Aldi intended to take advantage of the reputation of the Trade Mark in order to assist it to sell the Aldi Product. As explained in paragraph 92 above, that has at least evidential relevance. Furthermore, it is clear from the social media evidence referred to by the judge at [118] that at least some consumers received the intended message loud and clear. There is no reason to think that they were atypical. As explained in paragraphs 104 and 109 above, Aldi was able to achieve substantial sales of the Aldi Product in a short period of time without spending a penny on promoting it. In the absence of evidence that Aldi would have achieved equivalent sales of the Aldi Product without use of the Sign, and hence without consumers making a link between the Sign and the Trade Mark, it is a legitimate inference that Aldi thereby obtained the advantage from the use of the Sign that it intended to obtain. That was an unfair advantage because it enabled Aldi to profit from Thatchers' investment in developing and promoting the Thatchers Product rather than competing purely on quality and/or price and on its own promotional efforts.

115. Although it is not essential to my conclusion, another factor which supports that conclusion is that, as discussed in more detail below, the Aldi Product is not in fact of the same quality of the Thatchers Product in that it does not contain real lemon juice.
116. Aldi's principal answer to Thatchers's case on transfer of image was to rely upon grounds 2 and 3 of its respondent's notice, which invoke a somewhat diffuse range of points in support of an argument that any advantage it obtained from use of the Sign was not unfair. Aldi's core proposition is that Thatchers' claim under section 10(3) involves trade mark overreach because the only distinctive component of the Trade Mark is the word mark THATCHERS and all of the other components of the Trade Mark are either descriptive or decorative. It follows, Aldi argues, that the Trade Mark only protects Thatchers against the use of signs which include elements which are similar to THATCHERS. It would be different, on this argument, if Thatchers had succeeded in obtaining a registration for the design of the packaging of the Thatchers Product minus the word THATCHERS.
117. I do not accept this argument. Thatchers has registered the Trade Mark. The judge found that the Trade Mark had a reputation. Furthermore, she rejected Aldi's argument that the reputation attached solely to THATCHERS and found that the Trade Mark as a whole had a distinct reputation from that of THATCHERS. There is no challenge by Aldi to that finding as such, and even if there were it would fail since the finding was rationally supportable. Moreover, it is supported by the judge's finding of a link. The judge found that the Sign called the Trade Mark to mind even though the average consumer would not be likely to be confused as to the trade origin of the Aldi Product. Both the preceding findings are supported by my conclusion that Aldi intended the Sign to remind consumers of the Trade Mark. I have also concluded that Aldi obtained an advantage from this because it assisted Aldi to sell the Aldi Product and that advantage was unfair because it enabled Aldi to benefit from Thatchers' development and promotion of the Thatchers Product rather than competing purely on the merits of the Aldi Product and its own promotional efforts. According to the Court of Justice in *L'Oréal v Bellure*, this is precisely the kind of conduct that the law is designed to protect the proprietor of a registered trade mark with a reputation against.
118. Subject to Aldi's contention that this Court should depart from *L'Oréal v Bellure*, which is considered below, I would therefore allow Thatchers' appeal against the judge's conclusion that Aldi's use of the Sign did not take unfair advantage of the reputation of the Trade Mark.

Damage to the repute of the Trade Mark (Thatchers' ground 8)

119. Given my conclusion on unfair advantage, it is not strictly necessary to consider this issue, but given that it was fully argued I will do so. Thatchers contends that the judge was wrong to reject both of the arguments it advanced before her.
120. So far as Thatchers' first argument is concerned, it seems to me that the judge's conclusion that this was not a case where the products are so different that the taste of the Aldi Product is liable to cast the Thatchers Product in a negative light is unassailable.

121. As for Thatchers' second argument, the judge appears to have been led by Thatchers' evidence and submissions to consider this on a factually incorrect basis. Contrary to what the judge said at [141], based on her account of Mr Milton's evidence at [30], neither the information panel on each can of the Aldi Product, nor the information panel on the rear of the cardboard packaging, states that the product contains citric acid, malic acid, ascorbic acid and natural lemon flavour. Although the Sign includes the words "made with premium fruit" immediately underneath the word "lemon", and Mr Watkins accepted that the average consumer would be likely to believe that the "premium fruit" referred to were lemons, the only clue to consumers that the Aldi Product does not contain real lemon juice is that it is described in small print on the information panels as "cloudy lemon *flavoured* cider [emphasis added]".
122. Thatchers submits that this presentation of the Aldi Product is misleading, because it is likely to give consumers the impression that the Aldi Product contains real lemon juice when that is not in fact the case. I accept that submission. But it does not necessarily follow that this is detrimental to the reputation of the Trade Mark given the judge's unchallenged finding that consumers are not likely to be confused as to the trade origin of the Aldi Product. In order for that to be case, it would be necessary first for consumers to become aware that they had been misled and secondly for them to regard the Trade Mark less favourably as a result. There is no evidence that consumers have complained about this, still less that they have thought that the same criticism applied to the Thatchers Product.
123. Moreover, it is probable that any consumer who was prompted for whatever reason to consider this question would realise that the presentation of the Thatchers Product was materially different in this respect: not only does the Trade Mark include the words "made with real lemons", but also the information panel contains the following statements:
- "Cider with lemon juice from concentrate (1%) and natural flavours. The perfect balance of sharp notes from real lemon and sweetness from specially selected dessert apples, to create a zingy and refreshing cider."
124. Furthermore, such a consumer would be likely to conclude, correctly, that this difference was part of the explanation for the cheaper price of the Aldi Product.
125. Accordingly, I would dismiss Thatchers' appeal against the judge's finding that Thatchers have not established that the use of the Sign was detrimental to the reputation of the Trade Mark.

Section 11(2)(b) defence (Aldi's ground 5)

126. Aldi contends that, even if its use of the Sign fell within section 10(3), it has a defence under section 11(2)(b). This contention raises two issues. The first is whether the Sign is "not distinctive or ... concern[s] the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services". The second is whether Aldi's use of the Sign was "in accordance with honest practices in industrial or commercial matters".

127. The judge did not deal with this defence on the ground that it was not necessary for her to do so. As a result, she made no finding as to whether or not Aldi's use of the Sign (assuming, contrary to her conclusion, that it fell within section 10(3)) was in accordance with honest practices in industrial and commercial matters. Aldi contends that she ought to have held that the defence was made out. It is common ground that this Court should undertake the assessment of Aldi's compliance with honest practices itself, rather than remit the matter to the judge, in order to save costs.
128. These issues were only briefly argued by both parties, but that does not justify the Court in dealing with them in a cursory manner.

Does the Sign fall within section 11(2)(b)?

129. On the first question, Aldi contends that, as a matter of law, the section 11(2)(b) defence can be invoked in respect of a part or parts of a sign and that, as a matter of fact, all the features of the Sign that give rise to similarity with the Trade Mark are descriptive or otherwise non-distinctive.
130. So far as the law is concerned, counsel for Aldi relied upon the statement in *Kerly's Law of Trade Marks* (17th ed) at 17-022 that "the defence seems likely to extend to the use in a sign of only non-distinctive parts of a registered trade mark". No authority is cited for this proposition, and it is not further explained. In my view it may be a correct statement of the law, but it depends on what is meant by "the use in a sign".
131. Counsel for Aldi also relied upon the decision of Lady Wolffe in *Tomatin Distillery Co Ltd v Tomatin Trading Co* [2021] CSOH 100, [2021] SLT 1327. In that case the pursuer owned a registration for the word TOMATIN in faintly stylised form together with a crest and the words "ESTD. 1897" in smaller print while the defender was using a sign consisting of the words TOMATIN in a particular font together with the words "TRADING COMPANY" in smaller print and a symbol. Tomatin is a place in Inverness-shire. The pursuer operated a whisky distillery there. The defender owned a plot of land near the distillery where it proposed to develop a hotel, farm shop, restaurant, retail outlets and a petrol station. Lady Wolffe concluded that the defender's proposed use of the sign would not infringe the trade mark, but nevertheless considered its section 11(2)(b) defence in case she was wrong and held that it was made out for the reasons she gave at [329]-[331]. In summary, she found that the sign was descriptive of the geographical origin of the defender's intended goods and services and that the defender's intended use of the sign was in accordance with honest practices in industrial and commercial matters.
132. I have no difficulty with that decision. The reasoning involves two steps. The first is to treat the sign as consisting essentially of the words TOMATIN TRADING COMPANY. This seems perfectly reasonable since the symbol was of very little distinctiveness and would not feature in oral use of the sign anyway. The second step is to find that TOMATIN TRADING COMPANY is an apt description of a trading company based in Tomatin. That again seems perfectly reasonable.
133. The present case is readily distinguishable from the *Tomatin* case. The Sign is, as discussed in paragraphs 74-79 above, the design which is reproduced on the front and rear of cans of the Aldi Product and on the front of the cardboard packaging. It is a composite sign consisting of a number of elements, including the word mark

TAURUS. On the judge's unchallenged findings, and viewed as a whole, the Sign is distinctive (of Aldi) and it does not concern any of the characteristics of the goods (although it does convey the message that the Aldi Product is like the Thatchers Product, but cheaper). In my judgment it is illegitimate to dissect the Sign into its constituent elements for the purposes of applying section 11(2)(b), and to argue that, because some of those elements are descriptive, the Sign as a whole falls within section 11(2)(b). In case I am wrong about that, I shall consider whether Aldi's use of the Sign was in accordance with honest practices.

Honest practices in industrial or commercial matters

134. *The law.* The principles laid down by the Court of Justice for determining whether the use of a sign is “in accordance with honest practices in industrial or commercial matters” may be summarised as follows.
135. First, the requirement to act in accordance with honest practices in industrial or commercial matters “constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark proprietor”: see Case C-63/97 *Bayerische Motorenwerke AG v Deenik* [1999] ECR I-905 at [61], Case C-100/02 *Gerolsteiner Brunnen GmbH & Co v Putsch GmbH* [2004] ECR I-691 at [24], Case C-245/02 *Anheuser-Busch Inc v Budějovický Budvar np* [2004] ECR I-10989 at [82], Case 228/03 *Gillette Co v LA-Laboratories Ltd Oy* [2005] ECR I-2337 at [41] and Case C-17/06 *Céline SARL v Céline SA* [2007] ECR I-7041 at [33].
136. Secondly, the court should “carry out an overall assessment of all the relevant circumstances”, and in particular should assess whether the defendant “can be regarded as unfairly competing with the proprietor of the trade mark”: see *Gerolsteiner* at [26], *Anheuser-Busch* at [84] and *Céline* at [35].
137. Thirdly, an important factor is whether the use of the sign complained of either gives rise to consumer deception or takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark. If it does, it is unlikely to qualify as being in accordance with honest practices: see *Gillette* at [49], *Anheuser-Busch* at [83] and *Céline* at [34].
138. Fourthly, a mere likelihood of confusion will not disqualify the use from being in accordance with honest practices if there is a good reason why such a likelihood of confusion should be tolerated: *Gerolsteiner* at [25]:
139. In applying these principles in a number of cases when sitting at first instance, I found it of assistance to consider the following list of factors which I first set out in *Samuel Smith v Lee* at [118]:
 - i) whether the defendant knew of the existence of the trade mark, and if not whether it would have been reasonable for it to conduct a search;
 - ii) whether the defendant used the sign complained of in reliance on competent legal advice based on proper instructions;
 - iii) the nature of the use complained of, and in particular the extent to which it is used as a trade mark for the defendant's goods or services;

- iv) whether the defendant knew that the trade mark owner objected to the use of the sign complained of, or at least should have appreciated that there was a likelihood that the owner would object;
 - v) whether the defendant knew, or should have appreciated, that there was a likelihood of confusion;
 - vi) whether there has been actual confusion, and if so whether the defendant knew this;
 - vii) whether the trade mark has a reputation, and if so whether the defendant knew this and whether the defendant knew, or at least should have appreciated, that the reputation of the trade mark would be adversely affected;
 - viii) whether the defendant's use of the sign complained of interferes with the owner's ability to exploit the trade mark;
 - ix) whether the defendant has a sufficient justification for using the sign complained of; and
 - x) the timing of the complaint from the trade mark owner.
140. I do not understand the Court of Appeal to have disapproved of the consideration of these factors, as opposed to the conclusion to be drawn on the facts of the particular case, in *London Taxi Corporation Ltd v Frazer-Nash Research Ltd* [2017] EWCA Civ 1729, [2018] FSR 7 at [95]-[96] (Floyd LJ). The list of factors set out in *Samuel Smith* is essentially an expanded list of the factors set out by Kitchin LJ (with whom Underhill LJ agreed) in *Maier v ASOS* at [148].
141. Since counsel for Aldi made no attempt to address this list of factors, I shall not go through it seriatim, but will focus on the following points. It is not clear whether Aldi was aware of the Trade Mark when it adopted the Sign, but if not it would have been reasonable for Aldi to have carried out a search. Aldi has not disclosed any legal advice it obtained. Aldi was aware of the reputation of the Trade Mark and intended to take advantage of it. It should have appreciated that Thatchers would object. It had no justification for using the Sign. (As noted in paragraph 40 above, Aldi does not contend that it had due cause for taking unfair advantage of the reputation of the Trade Mark even if that is possible, as to which see *Lidl Great Britain Ltd v Tesco Stores Ltd* [2024] EWCA Civ 262, [2024] FSR 17 at [168] (myself), [199] (Birss LJ) and [208]-[215] (Lewison LJ).) Thatchers complained promptly. Overall, I conclude that Aldi's use of the Sign was not in accordance with honest practices in industrial and commercial matters because it was unfair competition.

Should this Court depart from *L'Oréal v Bellure*?

142. Aldi invites this Court, if necessary, to depart from *L'Oréal v Bellure*. Counsel for Aldi made it clear in his submissions that this is an argument of last resort which Aldi only advances if all its other arguments on unfair advantage fail. Since I have concluded that the other arguments do fail, it is necessary finally to consider this question.

143. It is common ground that this Court has power to depart from *L'Oréal v Bellure*, applying the same test that the Supreme Court applies when deciding to depart from one of its own precedents or of one of the House of Lords in accordance with the *Practice Statement (Judicial Precedent)* [1966] 1 WLR 1234: see section 6(5A) of the European Union (Withdrawal) Act 2018 and the European Union (Withdrawal) Act 2018 (Relevant Court) (Retained EU Case Law) Regulations 2020 (SI 2020/1525). I have considered the exercise of this power in two previous cases: *Warner Music UK Ltd v TuneIn Inc* [2021] EWCA Civ 441, [2021] Bus LR 1119 at [73]-[89] (where the power was not exercised) and *Industrial Cleaning Equipment (Southampton) Ltd v Intelligent Cleaning Equipment Holdings Co Ltd* [2023] EWCA Civ 1451, [2024] FSR 3 (“*ICE v ICE*”) at [80]-[89] (where it was).
144. For the reasons explained earlier in this judgment, the only part of the Court of Justice’s ruling in *L'Oréal v Bellure* that it is necessary to consider departing from is its answer to the fifth question. In my judgment it would not be appropriate for this Court to depart from that ruling for the following reasons.
145. First, Parliament has not repealed or amended section 10(3) since the departure of the UK from the EU. It therefore remains the will of Parliament that trade mark proprietors should have the ability to bring claims for infringement under that provision. That necessarily requires tribunals to decide when the use of a sign does, or does not, take unfair advantage of the reputation of a trade mark. Furthermore, the same issue arises in the registration context. Parliament has not repealed or amended section 5(3) of the 1994 Act either. That necessarily requires tribunals to decide when the use of a trade mark the registration of which has been applied for will, or will not, take unfair advantage of the reputation of an earlier trade mark.
146. Secondly, it follows that it is the will of Parliament that the trade mark law of the UK should remain harmonised in this respect, as in many others, with that of the EU. In those circumstances this Court should strive for harmony with the jurisprudence of the Court of Justice, rather than adopting a divergent interpretation, unless driven to the conclusion that the Court of Justice’s interpretation of the legislation is erroneous (as in *ICE v ICE*). Furthermore, it should be borne in mind that other countries outside the EU have also adopted similar provisions. All courts charged with interpreting and applying such provisions should be striving for harmony with each other for the reasons briefly touched on in paragraph 36 above (and see *Warner v TuneIn* at [198] (Sir Geoffrey Vos MR)).
147. Thirdly, tribunals which are required to decide when the use of a sign does, or does not, take unfair advantage of the reputation of a trade mark must do so upon some principled basis. The Court of Justice’s ruling provides a principled basis for taking such decisions. Aldi’s submissions did not articulate any alternative principled basis for doing so. They amounted to an invitation to this Court to discard all of the existing learning on unfair advantage and to start again from scratch, but without providing any road map for that exercise.
148. Fourthly, the ruling in *L'Oréal v Bellure* is not an isolated decision (unlike the decision under consideration in *ICE v ICE*). It built upon a number of earlier decisions of the Court of Justice. By 31 December 2020 it had been applied in countless decisions of the General Court, the Boards of Appeal of the European Union Intellectual Property Office, national intellectual property offices of the Member

States of the EU and Member States' national courts. Since then, this jurisprudence has been further developed in decisions which are of persuasive authority but not binding on this Court. Thus, unlike in *ICE v ICE*, there seems little prospect of the Court of Justice reconsidering the ruling in *L'Oréal v Bellure*.

149. Fifthly, Aldi asserted that there was “ample academic commentary criticising” the Court of Justice’s answer to the fifth question in *L'Oréal v Bellure*, but cited no such academic criticism. My impression is that some of the academics who were initially critical of the ruling have subsequently moderated their views. Be that as it may, Aldi only cited the excoriating critique of Jacob LJ, with whom Wall and Rimer LJ agreed, when the case returned to this Court: [2010] EWCA Civ 535, [2010] Bus LR 1579, in particular at [45]-[49]. Aldi’s reliance upon that critique is misplaced, however. As Jacob LJ was careful to explain at [4]-[5], following the ruling of the Court of Justice, the defendants accepted that the relevant bottles and packaging infringed the Trésor and Miracle bottle and packaging trade marks, and therefore the Court of Appeal was only concerned with the comparison lists. All of Jacob LJ’s remarks were made in that context. As explained in paragraph 43 above, the comparison lists gave rise to different issues, not least because of the impact of the Comparative Advertising Directive. Furthermore, as Jacob LJ explained at [44]-[45], this Court concluded that the comparison lists infringed pursuant to section 10(1) and were not saved by section 11(2)(b), and therefore his comments about section 10(3), which the Court of Appeal permitted L’Oréal to rely upon in relation to the comparison lists, were obiter. It is true that Jacob LJ went on to criticise the Court of Justice’s reasoning in [41] and [49], while loyally applying it, but his focus remained upon the comparison lists.
150. In any event, while the views of Jacob LJ, as a judge with enormous experience in this field, are of course entitled to great respect, I am unable to agree with them for the following reasons. First, he opined at [48] that the effect of the Court of Justice’s interpretation was that “the provision should be read as though the word ‘unfair’ was simply not there”. In doing so, he overlooked the fact that this Court had already expressly rejected that very submission in *Whirlpool Corp v Kenwood Ltd* [2009] EWCA Civ, [2010] ETMR 7 at [113]-[115] and [136] (Lloyd LJ, with whom Wilson and Rix LJ agreed), perhaps because that case was not cited in oral argument although it was referred to in the skeleton arguments. The subsequent decision of this Court in *Argos v Argos* confirms, if confirmation were needed, that that reading of *L'Oréal v Bellure* is incorrect. Secondly, like Aldi, Jacob LJ criticised the Court of Justice’s statements of principle, but did not offer any alternative of his own. Thirdly, I consider that it is important to differentiate between the issues raised by transfer of image cases like the present and those raised by comparative advertising. I see no necessary contradiction between concluding on the one hand that transfer of image cases amount to taking unfair advantage of the reputation of the trade mark and on the other hand that fair and transparent comparative advertising should be permitted. Fourthly, it is worth noting that, even with respect to the comparison lists, the end result in *L'Oréal v Bellure* was the same as in this Court’s decision in *Chanel Ltd v L'Arome (UK) Ltd* [1993] RPC 32 applying section 4(1)(b) of the Trade Marks Act 1938 as interpreted by this Court in *Bismag Ltd v Amblins (Chemists) Ltd* [1940] Ch 669 following (even though declining to admit) the Goschen Report (1934, Cmd 4568) (which goes to show that in many ways there is nothing new in trade mark law, only the same old arguments repackaged in different guises).

151. Sixthly, departure from *L'Oréal v Bellure* would cause considerable legal uncertainty. On the other hand, I am not persuaded that the Court of Justice's ruling has either restricted the proper development of the law or turned it in a wrong direction. To the contrary, the ruling has been applied in a number of domestic decisions involving a transfer of image: see, for example, *Jack Wills v House of Fraser* at [109]-[110], *Claridge's Hotel Ltd v Claridge Candles Ltd* [2019] EWHC 2003 (IPEC), [2019] ETMR 54 at [54] (Recorder Douglas Cambell QC), *PlanetArt v Photobox* at [181] and *Monster Energy Co v Red Bull GmbH* [2022] EWHC 2155 (Ch), [2022] ETMR 49 (Adam Johnson J on appeal from the Registrar of Trade Marks). This does not appear to have caused any commercial difficulties in the UK. Thus the law as it has been interpreted and applied since *L'Oréal v Bellure* does not prevent fair competition.
152. Finally, I cannot resist noting the irony that Aldi should be inviting this Court to depart from *L'Oréal v Bellure* in a case where, I believe, Thatchers would probably have a remedy for Aldi's use of the Sign under many systems of law, including German law, in unfair competition law even apart from trade mark law.

Conclusion

153. For the reasons given above I would allow Thatchers' appeal against the judge's dismissal of their claim under section 10(3) and substitute a finding that Aldi has infringed the Trade Mark pursuant to that provision.

Lord Justice Phillips:

154. I agree.

Lady Justice Falk:

155. I also agree.