IN THE COURT OF APPEAL **Claim No. CA-2025-001724**
ON APPEAL FROM
THE HIGH COURT OF JUSTICE **Claim No. HC-2015-003973**
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES (ChD)
INTELLECTUAL PROPERTY LIST (ChD)
EUROPEAN UNION TRADE MARK COURT
BETWEEN:

(1) LIFESTYLE EQUITIES C.V.
(2) LIFESTYLE LICENSING B.V.

Claimants/Respondents

- and -

(1) SPORTSDIRECT.COM RETAIL LIMITED
(2) *[omitted]*
(3) SDI (BROOK UK) LIMITED
(4) RUNNEL LIMITED (formerly called SDI (BROOK EU) LIMITED)
(5) SDI (BROOK ROW) LIMITED
(6) REPUBLIC.COM RETAIL LIMITED

Defendants/Appellants

APPELLANTS' SKELETON ARGUMENTON APPEAL TO THE COURT OF APPEAL

PHILIP ROBERTS KC **One Essex Court**

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Instructed by Reynolds Porter Chamberlain LLP

Date of Skeleton Argument: 20 January 2026

Date of Hearing: Floating in a 2 day window, 21-22 April 2026

References to **[X]** are to the paragraphs of the judgment of Marcus Smith J ("the **Judge**") dated 9 June 2025 ("the **Judgment**"). References to the Core Bundle are to **CB/Tab/Page**. References to the Supplemental Bundle are to **SB/Tab/Page**. References to the Confidential Bundle are to **Confi/Tab/Page**.

A. INTRODUCTION

1. This is an appeal on a short point of statutory interpretation concerning the interrelation of s.25(3)(b) and s.30(6) of the Trade Marks Act 1994 ("the **Act**"). It relates to the question of whether damages for infringement can be claimed on behalf of trade mark (sub-)licensees where no application has been made to register the licences of those (sub-)licensees under the Act.

2. The Judge heard the application by D1 and D3-6 (**"the Appellants'"**) for summary judgment ("the **Application**") on 16 April 2025 ("the **Hearing**"). He dismissed it in the Judgment, but granted permission to appeal.

3. As narrated in the Judgment at [8]-[21], the proceedings have been on foot for more than a decade. Despite liability being found in 2018, the quantum phase is still only at the pleadings stage. A short chronology follows, summarising briefly the long history of the proceedings.

DATE	EVENT			
1 Dec 2014	First act of trade mark infringement	Infringement		
11 Sep 2015	Claim Form issued by the Proprietor (C1) and Exclusive Licensee (C2)			Liability phase
18 Dec 2015	UKIPO application made to register the Exclusive Licence			
30 June 2016	Final act of trade mark infringement			
1 July 2017	Start date of Harvest licence (per recordal RC000537577)	Tort limitation period	Harvest licence	
1-9 Mar 2018	Trial of liability before HHJ Pelling QC			
20 April 2018	Liability judgment and consequential order			
4 April 2019	Claimants elect for an inquiry as to damages			Quantum phase
30 June 2020	End date of Harvest licence (per recordal RC000537577)			
30 June 2022	Expiry of limitation period for last act of infringement			
30 June 2023	Claimants serve original Points of Claim in the inquiry			
16 Oct 2023	Defendants serve first Request for Further Information under CPR Part 18			
4 Sep 2024	Claimants serve Amended Points of Claim			
23 Sep 2024	Defendants serve Points of Defence			
30 Jan 2025	Defendants serve second CPR Part 18 Request			
13 Feb 2025	Claimants serve response to second CPR Part 18 Request			
17 Feb 2025	Defendants issue Summary Judgment Application Notice			

DATE	EVENT			
9 April 2025	UKIPO application made to register the Harvest licence			
16 April 2025	Summary judgment application heard by Marcus Smith J			
18 April 2025	UKIPO letter accepting registration of Harvest licence			
23 April 2025	Email to the court providing the UKIPO acceptance letter			
9 June 2025	Judgment under appeal, dismissing the summary judgment application			
16 June 2025	Order sealed; permission to appeal granted; time for Appellants' Notice extended to 15 July 2025			
22 July 2025	CMC originally listed (costs of the SJ application having been reserved thereto) but adjourned pending appeal			
31 July 2025	Respondents' Notice filed, seeking PTA on costs			
3 Sep 2025	PTA granted on the Respondent's costs cross-appeal			

4. The Respondents are seeking to recover the alleged losses of sundry sub-licensees. The right hand columns above highlight the striking fact that none of those sub-licences has ever been registered under the Act, save for 'Harvest' whose licence (i) was entered into only after the infringement had ceased; and (ii) was registered under the Act a matter of days before the Hearing, more than 4 years after it had expired.

5. Why does it matter whether these unregistered licensee losses are recoverable? It matters because they amount to more than 80% of the quantum of damages *now* sought by the Respondents in their Points of Claim (c.f. all iterations of the Re-Re-Re-Re-Amended Particulars of Claim, where the pecuniary relief claimed was only for losses suffered by the Respondents themselves: see Judgment [11]). By the time the Respondents' Points of Claim were served the original limitation period had expired, effectively confronting the Appellants with a 'stale claim' for the majority of the damages claimed (to adopt the language of Lewison LJ in *THG Plc v Zedra* [2024] EWCA Civ 158 at [11]-[18]).

6. The Judge refused to grant summary judgment on the basis that s.30(6) is phrased in mandatory terms (*"shall be taken into account"*) and by construing s.30(6) as a protection *for the proprietor*, rather than as a protection *for the licensee* subject to the pre-condition of s.25(3). He further held that any consequences of non-registration could in any event be cured by registration at any subsequent time.

7. The Appellants appeal the Judgment on two substantive grounds, set out in the Grounds of Appeal:[1]

   a. First, the Judge erred in ruling that the non-registration of a licence is no bar to the court taking into account any loss suffered or likely to be suffered by a licensee in infringement proceedings brought by the proprietor of a registered trade mark (at [50] to [55] of the Judgment); and

   b. Second, the Judge erred by ruling that there is no time limit within which an application for registration of a licence needs to be made in order to obtain the protection of s.30 of the Trade Marks Act 1994 ("the **Act**"), such that in circumstances where a sub-licence is not registered, the sub-licensee can retrospectively obtain the protection of s.30(6) of the Act (at [56] - [59] of the Judgment).

8. The Respondents have cross-appealed with the permission of the Court of Appeal in respect of the costs of the Hearing, which they contend should not have been reserved to a later hearing.[2] The Appellants submit that in the event that their own appeal fails there is no basis for this Court to interfere with this exercise of case management discretion.[3] It should be noted that the Respondents' Notice raises only the costs point; it does not suggest that the substantive dismissal of summary judgment can be supported on any alternative basis.

B. BACKGROUND

Basis of the Appeal

9. This is an appeal on a point of law. The fact that the Application was framed in terms of summary judgment relating to a particular form of words used in the Points of Claim makes no material difference, as there are no disputes of fact to be grappled with. While it was regrettable that the Respondents only applied to register the Harvest licence at the UK Intellectual Property Office (**"UKIPO"**) a few days before the Hearing below, for the purposes of the Appellants' appeal that is now water under the bridge (c.f. the

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1 Grounds of Appeal [**CB/1/15-17**].

2 The Respondents' Cross Appeal [**CB/2-3/18-37**].

3 The Appellants' Response to Cross Appeal [**CB/4/38-40**].

Cross Appeal – see below). For the purposes of this appeal only, the Appellants are content for the Amended Points of Claim and the licensing documents,[4] such as they are, to be taken and analysed at face value.

10. The principles governing statutory construction were not contentious below and ought not to be contentious in this Court. The orthodox approach requires the words used to be construed in their statutory context and purpose; on both, the Judge fell into error in construing s.25(3)(b) and s.30(6) of the Act.

11. Regarding a pure question of law, the appellate task is straightforward: whether the Judge's construction was right or wrong. That stands in contrast to the Respondents' costs cross-appeal, which attacks a discretionary case management decision and attracts a far more deferential standard (see paras 69 *et seq* below).

Relevant Statutory Provisions

12. The UK Trade Marks Register ("the **Register**") is regulated by the Act. It records details of each trade mark registration (sign, specification, proprietor, etc) and registrable transactions in respect of each such registration.

13. The Act provides: (i) a registration system for registrable transactions, including licences, and the consequences of non-registration (s.25); and (ii) a suite of "licensee protections" in ss.30–31 governing how licensees may obtain remedies, directly or indirectly, for infringement of a proprietor's registered mark within the ambit of their licence.

14. S.25(3)(b) of the Act stipulates what a licensee must do in order to benefit from the "protection of section 30" in the following terms:

> "(3) Until an application has been made for registration of the prescribed particulars of a registrable transaction—
>
> (a) the transaction is ineffective as against a person acquiring a conflicting interest in or under the registered trade mark in ignorance of it, and

[4] [**Confi/1/2-43**].

(b) a person claiming to be a licensee by virtue of the transaction does not have the protection of section 30 or 31 (rights and remedies of licensee in relation to infringement)."

15. S.25(4) of the Act stipulates that the cost recovery of a proprietor or a licensee may be limited in infringement proceedings if they fail to register the relevant registrable transaction, as follows:

"(4) Where a person becomes the proprietor or a licensee of a registered trade mark by virtue of a registrable transaction and the mark is infringed before the prescribed particulars of the transaction are registered, in proceedings for such an infringement, the court shall not award him costs unless—

(a) an application for registration of the prescribed particulars of the transaction is made before the end of the period of six months beginning with its date, or

(b) the court is satisfied that it was not practicable for such an application to be made before the end of that period and that an application was made as soon as practicable thereafter."

16. S.25(4) of the Act, as originally enacted, limited a proprietor's or a licensee's entitlement to damages or an account of profits ,but it was amended to its present form by the Intellectual Property (Enforcement, etc.) Regulations 2006, out of a concern that it might enable knowing infringers to avoid paying the damages owed to the right holder, as required by Article 13 of the IP Enforcement Directive, *infra*. Notably the 2006 regulations did not amend section 25(3)(b) or the structure of s.30; thus the registration gateway that withholds "the protection of section 30 or 31" from a person "claiming to be a licensee" until an application to register is made was considered to be compatible with Article 13 and was retained intact. The protections of s.30 (and s.31) of the Act, including the subcomponent protection provided by s.30(6) of the Act, are procedural rather than substantive in nature.

17. The key *"protection of section 30"* in dispute in the present appeal is s.30(6) of the Act, which provides as follows:

"In infringement proceedings brought by the proprietor of a registered trade mark any loss suffered or likely to be suffered by licensees shall be taken into

account; and the court may give such directions as it thinks fit as to the extent to which the plaintiff is to hold the proceeds of any pecuniary remedy on behalf of licensees".

18. For additional context, s.30(6A) of the Act provides a parallel entitlement to a licensee who has suffered loss, to intervene in such proceedings to obtain compensation. It reads as follows:

"Where the proprietor of a registered trade mark brings infringement proceedings, a licensee who has suffered loss is entitled to intervene in the proceedings for the purpose of obtaining compensation for that loss."

19. There is no directly equivalent provision to s.30(6) of the Act in the EUTM Directive or EUTM Regulation. However, Article 13 of Directive 2004/48/ EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights ("the **IP Enforcement Directive**") provides that Member States shall ensure knowing infringers *"pay the rightsholder damages appropriate to the actual prejudice suffered by him as a result of the infringement*".

C. GROUND 1: JUDGE'S CONCLUSION THAT NON-REGISTRATION IS NO BAR TO CONSIDERATION OF LOSS ([50] TO [55] OF THE JUDGMENT)

20. In substance and when read in context, it is submitted that s.30(6) of the Act is a protection for the licensee which requires the underlying licence to have been registered in accordance with s.25. Construed textually, contextually and purposively the "protection of section 30 or 31" naturally encompasses the whole of the section 30(6) mandate. The Judge was wrong to conclude otherwise.

21. The Appellants did not and do not dispute that s.30(6) of the Act is phrased in mandatory terms, but that is not the end of the matter. The Act must be read as a whole and s.30(6) must be read in context. If, contrary to the Judge's construction, s.30(6) constitutes a protection for the licensee then the Appellants submit that the mandate contained therein is subject to the express pre-condition stipulated in s.25(3)(b).

22. S.25(3)(b) of the Act means that unless and until a licensee has applied to register its licence, the licensee is not entitled to the protection afforded by s.30(6A), namely that a licensee who has suffered loss can intervene in proceedings brought by the proprietor

of the mark. The Judge construed this provision to mean that the loss of protection is therefore personal to the licensee and does not affect the proprietor: Judgment [52].

23. Accordingly, the Judge concluded that the lack of registration of a licence does not affect the *proprietor's* rights under s.30 [53], such that the failure to register a licence does not bar the court from taking into account any losses suffered or likely to be suffered by a licensee in infringing proceedings brought by the proprietor: Judgment [54].

24. The Appellants say that this is a misconstruction of s.30(6):

    a. It provides that the licensee's losses can still be recovered by the *proprietor*, notwithstanding the failure to register the licence (see paragraphs 25 to 28 below);

    b. It incorrectly assumes that s.30 grants rights to a *proprietor* separate and distinct from the rights of the *licensee* of a trade mark (see paragraphs 29 to 33 below);

    c. It is contrary to the purpose of the provisions of the Act governing the protections of a licensee (see paragraphs 34 to 40 below); and

    d. It seeks to remedy an illusory 'black hole' (see paragraphs 41 to 48 below).

25. First. The scheme of s.25(3)(b) and s.30(6) is that the losses suffered by a licensee should only taken into account following an application to register its licence.

26. The Judge's construction, that if the licensee is not entitled to the benefit of s.30 then the proprietor can obtain that benefit, appears to envisage that s.30(6) remains applicable even when s.30(6A) is not. The Act expressly requires registration in order for the licensee to obtain the benefits of ss.30 and 31, see s.25(3)(b), and there is no suggestion in any of the relevant sections of the Act that the consequences of a lack of registration should be avoidable by the proprietor stepping in and taking the incentive expressly given to the licensee in the statute.

27. In practical terms, the correct construction of these provisions is that losses *of the licensee* should not be taken into account "until an application has been made for registration" of the licence in respect of which the losses have occurred, pursuant to s.25(3).

28. The Judge sought to draw a distinction within s.30(6) of the Act between the relative protections of licensees and proprietors. This appears to envisage that even when a licensee remains disentitled to the protection of s.30(6) by virtue of a failure to apply to

register its licence, the proprietor can still invoke the section and claim the licensee's damages. This sounds a lot like a charter for the unjust enrichment of trade mark proprietors: on the facts of the present case, it would entitle the proprietor to quintuple damages. It would also provide a disincentive for proprietors to ever register their licences, contrary to the intention of the registration provisions.

29. Second. The relevant sections of the Act govern the rights of licensees of trade marks, not proprietors' rights. The construction of those sections should therefore not expand the benefits of proprietors associated with their monopoly rights.

30. The Appellants submit that when s.25(3)(b) of the Act speaks of licensees having or not having *"the protection of section 30",* that wording can be taken at face value. In form and substance section 30 provides a suite of protections *for licensees* and this is reinforced by its heading and the opening wording of its first sub-section (with emphasis added): *"General provisions as to rights of licensees in case of infringement" ... "This section has effect with respect to the rights of a licensee in relation to infringement of a registered trade mark."*

31. Sections 29-31 of the Act all sit under the heading "licensing". They govern the rights of licensees of trade marks *not* the rights of proprietors.

32. The Appellants say that the learned Judge erred by considering that s.30(6) of the Act can be viewed as protecting proprietors rather than protecting licensees; s.30 of the Act deals only with the rights of licensees. References to the proprietor of a mark in any of sections 29-31 of the Act, are either by way of comparison to the rights of the licensee, or convey the method of enforcement of the protection to which a licensee is entitled under the Act, which, in circumstances where a licence is non-exclusive, require the consent and therefore involvement of the proprietor. This does not convey additional rights on the proprietor, but is a recognition of the rights already conveyed on a proprietor by virtue of *inter alia* s.9(1) of the Act (emphasis added): "*The proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent.*".

33. The Judge determined that the first subclause of the single sentence of s.30(6) "*is not a protection conferred on the licensee*" [53]. The Appellants say that it is not a fair reading of the statute to *julienne* the provisions of s.30, sentence by sentence and clause by clause, into those to which section 25(3)(b) applies and those to which it does not.

But even if that were the correct approach, it would not follow that the first clause of s.30(6) confers a meaningful and discrete additional protection upon the proprietor. Rather, it is the means by which s.30(6), as an integral whole, seeks to provide protection to licensees. To decouple the two clauses of the sentence would result in the windfall for proprietors described above.

34. Third. The purpose of the interaction between sections 25 and 30 of the Act was to maintain the balance between rights holders and the freedom of market operators. It is in the interests of free competition and transparency that trade mark licences are registered, and for this reason the Act provides meaningful incentives for registration.

35. In their Skeleton Argument for the Hearing, the Respondents argued that "*there are no adverse consequences for a proprietor in not registering* [registrable transactions]."[5] This submission, with which the Judge ultimately appears to agree, does not accord with the intention of the Act and deprives s.25(3) of much of its intended force.

36. The Judgment sways the balance too far in favour of rights holders, contrary to the purpose of this Act and intellectual property statutes more generally. Monopoly rights, of which trade marks are a primary example, are subject to careful statutory checks and balances, between the rights of a proprietor to protect their assets and free competition in the market.

37. Trade Marks are property rights; they are a monopoly right over a particular sign in respect of certain goods and services. As property rights, details of registrable transactions relating to them are recorded on the UK Trade Marks Register, for the benefit of the market, and other parties when seeking to explore their own options for use of a sign. Where a third party infringes a right that has been licenced from the proprietor to a third party, there can be no complaint by the infringer if a registered licensee who has suffered loss by reason of the infringement seeks remedies pursuant to the Act.

38. The purpose of these provisions can be summarised as follows:

    a. Once a licensee applies to register a transaction, it obtains the benefits of the incentives which it can assert against third parties. The licence remains contractually effective as between the proprietor and the licensee without

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5 ¶18 the Respondents' Summary Judgment Skeleton Argument [**SB/6/174**].

registration, and therefore has a commercial benefit irrespective of registration, but not against third parties.

b. Registered transactions put third parties (including consumers and competitors) on notice of the economic interests arising in relation to those registered marks and rights. This is good for the market, allowing rights holders to be protected and allowing third parties to see the parameters of that protection. Increased information symmetry in the market in turn leads to broader economic benefits in the form of better decision-making, more efficient allocation of resources and free and fair competition.

c. Where a licence is not registered, it is ineffective against third parties. This avoids the unfairness of unsuspecting third parties suddenly being confronted with a Trojan Horse full of unregistered licensees claiming damages.

39. Parliament elected not to make registration of a licence mandatory, but incentivised registration. The *quid pro quo* for protection as a licensee under the statutory monopoly right is that the market must be made aware of the nature of their interest, and the impact that has on the market and anyone contemplating use of a sign within the area of activity which may subsequently be complained about.

40. The debate over the Trade Marks Bill (the precursor to the Act) in the House of Lords strongly indicates that this was the drafters' intention; the rights and remedies afforded to licensees under the Act are offered on the basis that the market is made aware of the registrable transaction.[6] For example, while Parliament imposed a registration pre-condition for the losses of licensees of registered trade marks to be taken into account, it could not do so for authorised users of certification marks – who are not recorded on the Register – so the latter's losses are taken into account automatically under paragraph 14 of Schedule 2. The debate also supports the view that s.30(6) is a protection conferred on licensees (not proprietors), reinforcing that access to that protection is conditioned on compliance with the statutory registration scheme.

41. Fourth. The Judge's concern about a so-called "black hole" led to his crafting a remedy which is neither purposefully nor contextually appropriate to the Act.

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6 Hansard, Trade Marks Bill, HL, Volume 553 (at column 89), debated on Monday 14 March 1994.

42. The Judge discussed the contractual nature of a licence at [26] to [29]. He placed considerable emphasis on two limitations he identified on the contractual nature of a licence between the proprietor and the licensee at [29]; the first being that it is unsatisfactory of the licensee to depend on the proprietor to protect their interests under the licence; and the second being the risk of a black hole whereby even if a licensee has suffered loss by virtue of infringement of the right, it is only the proprietor who can bring an infringement action, even though it is the licensee who has suffered the loss.

43. The two 'limitations' identified by the Judge are not limitations that should have any impact on the correct construction of the interaction between ss.25 and 30.

44. The Act is not prescriptive about the form or contents of a licence. The contractual formalities for a (non-exclusive) licence of a trade mark are set out in s.28 of the Act, and broadly require that a licence must be in writing signed on or behalf of the licensor, and can be limited in duration, territory, scope of the permission to use the mark, etc.[7] The licensor and licensee are generally free to negotiate and agree whatever contractual terms and safeguards they see fit, including as to the recovery of damages. As with all contractual arrangements, 'black holes' are only created if the parties have omitted to provide expressly for such contingencies, and are therefore of the parties' own making.

45. It is for the parties to ensure that the terms of the licence reflect the intended use and exploitation by the licensee, and the correct protection by the licensor. There are many scenarios whereby the actions taken or not taken by a proprietor may require contractual remedies, where the Act does not step in. By way of example, the Act permits that a licensee can exclusively use a proprietor's trade mark. A proprietor may contractually require a certain level of use by that licensee in order to maintain it as a functioning badge of origin. Should that trade mark be challenged for non-use, it will be the evidence of the licensee that is required to demonstrate genuine use over the relevant period. If the licensee has not used the trade mark at all, notwithstanding the term of the licence, and the trade mark is revoked for lack of genuine use, then the Act does not automatically step in to penalise the licensee and/or compensate the licensee. Such rights and remedies would need to be obtained through contractual means.

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7 S.28(5) of the Act.

46. As to the rights of the proprietor to bring actions for the licensees' loss, that is expressly provided for in s.30 of the Act. S.30(1A) sets out:

> "(1A) Except so far as the licence provides otherwise a licensee may only bring proceedings for infringement of the registered trade mark with the consent of the proprietor (but see subsections (2) and (3))."

47. Ss.30(2) and (3) enable an exclusive licensee to call on the proprietor to bring such an action, and enable the exclusive licensee to bring proceedings "*as if he were the proprietor*" if the proprietor fails to bring an action.

48. The Act has therefore identified who can bring an action in respect of a trade mark, as the means by which a party can obtain remedies for infringement. Where the drafters of the Act intended a licensee to be able to bring proceedings, they provided for the conditions which must be satisfied. Respectfully, the Judge's efforts to fill a perceived black hole where no statutory light was cast were, it is submitted, misplaced.

49. The Appellants respectfully submit that the Judge was wrong to rule that the non-registration of a licence is no bar to the court taking into account any loss suffered or likely to be suffered by a licensee in infringement proceedings brought by the proprietor of a registered trade mark. Had he construed ss.25 and 30 of the Act correctly he would have concluded that registration of the licence was required as a precondition for the invocation of s.30(6).

D. GROUND 2: JUDGE'S CONCLUSION THAT THERE IS NO TIME LIMIT FOR APPLICATION FOR REGISTRATION OF A LICENCE ([56] TO [59] OF THE JUDGMENT)

50. The second Ground of Appeal is against the Judge's ruling that there is no time limit for the application for registration of a licence in order to obtain the benefits of s.30 of the Act.

51. If the Appellants were to win on the first Ground of Appeal and not the second Ground, this would not be an entirely Pyrrhic victory: as noted above, the large majority of the damages claimed by the Respondents are comprised of damages alleged to have been suffered by (sub-)licensees and to date only one such licence has been registered: that

of Harvest Clothing Group Limited. Moreover, the Harvest licence is not without its issues - it expired in June 2020[8] and was stated to be 'exclusive' (though not, the Respondents claim, within the meaning of the Act).

52. Nonetheless it must be recognised that a requirement for registration which could be satisfied many years after the event would be an arid formality indeed. The Respondents' position is that it is still open to them or their licensees to apply to register sundry further licences – years after all relevant events have occurred and all limitation periods have expired – and as soon as that application is made, the Respondents say that s.25(3) will be satisfied and s.30(6) damages will be available.[9] This is: a) without pleaded reliance on losses of the licensees,[10] b) without any evidence of registration of any such licences,[11] and c) notwithstanding that the only registered licence to date expired prior to the application for registration.[12]

53. Once again it is instructive to examine s.25(3) in its proper context. S.25 of the Act is entitled "Registration of transactions affecting registered trade mark." Ss. 25(3) and 25(4) provide as follows:

> "(3) Until an application has been made for registration of the prescribed particulars of a registrable transaction—
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> (a) the transaction is ineffective as against a person acquiring a conflicting interest in or under the registered trade mark in ignorance of it, and
>
> (b) a person claiming to be a licensee by virtue of the transaction does not have the protection of section 30 or 31 (rights and remedies of licensee in relation to infringement)."
>
> (4) Where a person becomes the proprietor or a licensee of a registered trade mark by virtue of a registrable transaction and the mark is infringed before the prescribed particulars of the transaction are

8 [24(iii)] Judgment.

9 ¶25 the Respondents' Summary Judgment Skeleton Argument [**SB/6/175**].

10 [11].

11 [24].

12 [24].

registered, in proceedings for such an infringement, the court shall not award him costs unless —

(a) an application for registration of the prescribed particulars of the transaction is made before the end of the period of six months beginning with its date, or

(b) the court is satisfied that it was not practicable for such an application to be made before the end of that period and that an application was made as soon as practicable thereafter."

54. S.25(3) expressly provides that until an application to register the transaction has been made, the benefit of that transaction cannot be deployed against a third party (the means of such deployment being set out in ss.30 and 31 of the Act). S.25(4) similarly provides that the court shall not award the proprietor or licensee costs in proceedings for infringement of a mark, unless an application to register the transaction under which the proprietor or licensee obtained their interest in the mark is made within 6 months (provided there is no good reason not to do so). In both cases, the Act is clear that there is a procedural obligation on the licensee in order for that licensee to obtain a benefit at a third parties' expense.

55. In the Judgment, the Judge relied on the time limits provided in s.25(4) of the Act in contrast to the wording of s.25(3) of the Act as meaning that s.25(3) does not have a time limit for registration of a licence in order to obtain the protection of s.30 of the Act, at [56] to [57]. The Appellants respectfully say that this is a misconstruction which constitutes an error of law and principle.

56. This leads to an internally inconsistent construction of the Act:

a. it would render s.25(3)(b) asymmetric with s.25(3)(a); and

b. it presumes that extinct as well as extant licences are registrable under the Act, which not only undermines the purpose of registration (see below) but calls into

question why the Act and the Trade Mark Rules envisage the removal of expired licences.[13]

57. The scheme of s.25(3)(a) favours the *first to register* a registrable interest over the *first to obtain* such an interest. The later licensee who registers first, in ignorance of the earlier unregistered conflicting licence, is not affected by the latter. The earlier unregistered licensee cannot cure this retrospectively by registration.

58. The Appellants submit that the temporal considerations applicable to s.25(3)(a) apply in an analogous way to s.25(3)(b). A third party is not affected by a registrable transaction prior to its registration; so a third party who trespasses in ignorance upon the territory of an unregistered licensee should not be held liable for that licensee's losses. On the chronology of the present case (highlighted on p.2 above) it would not matter whether the relevant date for registration is the date of infringement, the date of commencement of proceedings or the expiry of the limitation period. Only one of the s.30(6) licences relied upon by the Respondents was registered and that application was made on 9 April 2025, many years after all such deadlines had passed.

59. None of this matters if the Judge's construction is correct, because there is no time limit under s.25(3)(b). On this interpretation the timing of the application to register a licence makes no difference at all: a third party can be impacted by a licence registered at any time later, even many years later, with full retrospective effect.

60. There is no indication in the Act that such an inconsistency between s.25(3)(a) and (b) was either intended, or is consistent with the purpose of the Act. As a matter of ordinary construction, the context of s.25(3)(a) is such that the opposite was intended; namely, a licensee is required to register a transaction in order to obtain the benefit from that date, mirroring an ordinary construction of s.25(3)(a). Prior to the registration, that licensee has no exploitable rights as against third parties. In the premises, this asymmetry cannot have been intended by the drafters of the Act.

61. Further, by allowing an unlimited period to remedy the licensee's failure to register the transaction, a licensee or proprietor could make an application for registration of an

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[13] The UKIPO's acceptance of a late application for registration of the expired Harvest licence by the Respondents in this case appears to be an anomaly and is not in accordance with the Act.

expired licence to obtain the benefits of the protections in ss.30 and 31. S.25(5) suggests that where the period of a transaction has expired, particulars of that transaction should be removed. It appears both on a contextual and purposive construction, s.25(3) should not override s.25(5) such that transactions which should be removed under the latter provision are permitted to be added under the former.

62. More fundamentally, the *raison d'être* of encouraging and incentivising voluntary registration would be frustrated if the requirements of section 25(3) could be complied with retrospectively by registering a licence many years after it had expired.

63. As set out in paragraph 36 above, intellectual property statutes are designed to balance monopoly rights and free market competition. Registration is not mandatory but is desirable so that everyone knows where they stand, hence it is incentivised through perks.

64. S.25(3)(b) grants licensees statutory benefits, on the condition that they are open and clear with the market about the nature of their interest under the proprietor's mark. The Judge's construction removes the incentive to the licensee to register the transaction until the very last minute (presumably the quantum trial itself?) whilst maintaining the full statutory benefit, by which time it is far too late for the market to reap any of the economic benefits of the information disclosed. It has thus been transformed into an obligation without any consequence.

65. By way of analogy the Patents Act 1977 provides for a similar system of voluntary registration of licences. Judicial comment on this provision reflects the purposive construction the Appellants say should have been applied by the Judge:

    a. In *LG Electronics v NCP Financial Solutions Group Ltd* [2003] FSR 24, Jacob LJ said that *"People need to know who is on the register.* [Section 68 of the Patents Act 1977] *is aimed at making the people who own the monopolies get on the register."*

    b. Jacob LJ's observation was subsequently approved (albeit *obiter*) by Lord Neuberger in *Schutz v Werit* [2013] UKSC 16 at [85], who was minded to reject an interpretation of the voluntary patent licensee registration system which would leave it *"with very little bite, as an unregistered licensee could avoid its consequences simply by registering and then starting the proceedings."*

Similar analogies could be made in relation to other voluntary statutory registration schemes in other areas beyond the sphere of intellectual property.

66. The Judge's interpretation is contrary to that purposive approach. It leaves the provision of s.25(3)(b), with "very little bite".

67. Prior to the Judgment, defendants and/or third parties were able to rely on s.25(3) to protect themselves from claims in respect of registrable transactions (over which those parties could have had no knowledge) from parties who did not have their own house in order. This protection struck the fair and correct balance: where a party had not applied to register their transaction, they could not rely on the same. But once they have registered, third parties are on notice and hence on risk.

68. On the Judge's construction, proprietors and licensees can take all the time they wish to register their transaction, and unsuspecting defendants/third parties are without statutory notice of the risks and liabilities they are potentially incurring. This cannot have been Parliament's intention.

E. CROSS APPEAL ON COSTS

69. The Respondents are seeking to appeal the aspect of the Judge's order reserving the costs of the Application to the CMC ("the **Cross Appeal**").[14] If the Appellants' main appeal is not granted for any reason, then the Appellants submit that the Cross Appeal should fail for at least the following three primary reasons.

70. First: The Judge's decision was entirely reasonable and well within the generous ambit of his discretion. The Respondents have failed to meet the requisite threshold to overturn a lower court's case management decision involving the exercise of discretion. The Respondents have not, and cannot, show that the judge erred as a matter of principle in exercising that discretion, or that it is plainly unsustainable. For good reason the Court of Appeal and the Supreme Court have repeatedly stressed that the standard for appellate interference with a multifactorial assessment requires an error of law or in principle.[15] When reviewing the exercise of discretion in relation to an award of costs,

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14 The Respondents' Cross Appeal Permission Skeleton [**CB/3/27-37**].

15 See [93] to [116] *Iconix Luxembourg Holdings SARL v Dream Pairs Europe Inc* [2025] UKSC 25.

"the Court of Appeal has stated on a number of occasions that appeal courts should adopt a conservative approach … the appeal court should only interfere where the judge's exercise of discretion has exceeded the generous ambit within which reasonable disagreement is possible": White Book Vol 1 §52.1.14.

71. Second: The Cross Appeal has no realistic prospect of success on the facts. The Judge witnessed first-hand the conduct of the parties during and after the Hearing and accordingly was best placed to make the appropriate costs order. He departed from the general rule, but it is only a general rule and he had good reasons to do so in a case with such unusual features including, the course of conduct of the Respondents in relation to their statements of case.

72. The Judge gave multiple reasons as to why he was reserving the costs of the Application throughout the Judgment. They were valid reasons and the Judge was well entitled to take this course. The Judge found himself in a fast-moving situation both at and following the Hearing, as a consequence of the Respondent's eleventh-hour manoeuvring. In such circumstances he cannot be faulted for reserving costs to be determined at the CMC once the dust had settled. The Judge set out in the Judgment a number of criticisms of the Respondents' conduct, as follows:

    a. The Judge stated that the Respondents' position up to the Hearing had made writing his judgement "*significantly more difficult*" at [62], made so because of the "*Delphic nature of the Points of Claim*", and "*by the facts that (i) interests that were registrable, have not been registered and (ii) where registration has belatedly occurred, this has made matters more, not less, confusing*." The Judge further described the details of the licencing arrangements involving the First Claimant/ Respondent as "*shrouded in obscurity, which has rendered more difficult the determination of the points before me on this application*" at [2], and there being "*considerable uncertainty about the licencing of the Marks*" at [10].

    b. He found that there is a possible (and likely) inconsistency between the Points of Claim and the Liability Judgment (emphasis in original): "*the licensees cannot be licensees of the Proprietor without there being a contradiction between the present claim for damages and the Judge's prior findings of fact as stated in the Liability Judgment*…." at [17].

c. It was only at the Hearing that the Respondents disclosed they had applied to register a licence, with a letter from the UKIPO stating that there had been acceptance of that licence application 2 days after the Hearing, at [24].

d. The Appellants' application for Summary Judgment, whilst ultimately unsuccessful in front of the Judge, *"has at least started the process of imposing a degree of clarity on what the Proprietor and the Exclusive Licensee are actually seeking."* at [63]. The Judge went as far as to say that the Application has ensured that the CMC "*has at least some prospect of being effective, and that this is a relevant factor to take into account when considering costs.*"

e. The Judge referred to the change in pleaded position from the original Particulars of Claim and the Points of Claim, served 7 years after the cessation of the infringing acts, to add in a substantial claim for recovery of third party losses

f. The Judge expressed "*considerable sympathy*" for the position that the Appellants found themselves in, a relevant factor for the determination of the direction of costs in and of itself at [63].

73. In all the circumstances, the reservation of costs to the CMC is to be viewed at least as much as a lucky escape for the Respondents than for the Appellants.

74. Third: The only prospect less edifying than asking the Court of Appeal to overturn a decision to award costs, is asking the Court of Appeal to overturn a decision to *reserve* costs. As matters stand, the costs of the Application remain very much in play before the Chancery Master at the CMC. Yet by this Cross Appeal the Respondents ask the Court of Appeal to pre-empt a task which has already been assigned to the most appropriate level of the judicial hierarchy. With no disrespect intended, that would amount to *"a disproportionate use of the limited resources of an appellate court"* [94(ii)] *Iconix Luxembourg Holdings SARL v Dream Pairs Europe Inc* [2025] UKSC 25. Absent the most compelling justification, the status quo should remain undisturbed.

F. CONCLUDING SUBMISSIONS

75. For the reasons set out above the Appellants respectfully invite this Honourable Court to allow their appeal and grant them summary judgment; and in any event to dismiss the Respondents' Cross Appeal.

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20 January 2026