

IN THE COURT OF APPEAL (CIVIL DIVISION)  
ON APPEAL FROM THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES (ChD)  
INTELLECTUAL PROPERTY LIST (ChD)  
THE HONOURABLE MR JUSTICE MARCUS SMITH  
HC-2015-003973  
B E T W E E N:

(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

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RESPONDENTS SKELETON FOR APPEAL DATED  
17 FEBRUARY 2026

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### Introduction

1. This is the skeleton argument of the respondents (“Lifestyle”). The appellants (“SD”) seek to overturn the decision of Marcus Smith J (the “Judge”) refusing to grant reverse summary judgment on part of Lifestyle’s Points of Claim in a damages inquiry. The part in issue is Lifestyle’s reliance on losses suffered by or likely to have been suffered by its licensees.
2. As is common ground<sup>1</sup>, this is an appeal about a short point of statutory construction. Lifestyle says the court is obliged to take losses of its licensees into account because s.30(6) of the Trade Marks Act 1994 (the “Act”) says so. SD says that s.30(6) is disapplied unless a licensee falls within s.25(3)(b) of the Act – that is, unless the licensee has applied to register its licence with the Registrar of Trade Marks. Lifestyle says that is wrong, but in any event, given the requirement of s.25(3)(b) is only that an application be made to register a licence, that can still be done. It has done so for one relevant licensee and that application was accepted and registered before the Judge’s judgment. SD’s two grounds of appeal address 1) the Judge’s decision that Lifestyle was right about s.30(6) and s.25(3)(b); and 2)

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<sup>1</sup> SD’s Skeleton (“SD’s Skel” or “SD Skel”) at [1]

the Judge's decision that, even if wrong about the construction of those sections, Lifestyle was right that s.25(3)(b) could be satisfied, and thus s.30(6) engaged, by making application to register a licence before the inquiry was determined [CB/1/15-17].

3. In addition to SD's appeal, Lifestyle has cross-appealed [CB/2/18-26] (with permission from Arnold LJ [CB/11/119]) the decision the Judge made on costs: having rejected SD's application the normal course would have been to determine the costs at that time, and to award them to the successful party (i.e. to Lifestyle). Instead, he reserved the decision on costs to be determined by a different judge with no prior knowledge of this application [CB/9/107]. That is the subject of the final section of SD's skeleton, and of a separate skeleton filed by Lifestyle when seeking permission for that appeal [CB/3/27-37]. It is not addressed further in this document.

#### The Underlying Dispute

4. The dispute, in briefest summary relevant to this application, concerns acts of registered trade mark infringement. SD was found liable for such infringements. The infringements arose from the use of identical signs on identical goods. Lifestyle seeks the court's assessment of the damages to be paid as a consequence.
5. Various matters that, on Lifestyle's case, may contribute to those damages include: i) losses that flow from lost sales of legitimate goods that would have been made were it not for the sales made by SD. Losses were suffered in that way both by Lifestyle and by its licensees; and ii) losses suffered after SD's infringements had ceased, because the fact that identical goods bearing identical marks had been available in SD's sales channels meant that sales of legitimate goods could not be made for a considerable period afterwards, or could not be made as effectively as they would otherwise have been. By way of example, Lifestyle's case is that discussions with substantial UK retailers ended when, and because, those retailers learned that the identical goods bearing identical marks had previously been available in SD's sales channels. Those were losses suffered by Lifestyle and, as matters turned out, also by a licensee ("Harvest"). Harvest had agreed a licence with Lifestyle after the acts of infringement had ended, but was unable to exploit that licence because of the ongoing effect of the infringements. That licence could not have been registered, as some of SD's submissions suggest it needed to be, before the infringements commenced.

## The Statutory Provisions in Issue

6. As noted, the provision principally in issue is s.30(6) of Act. Lifestyle relies on that in formulating the claim for damages that it asks the court to assess on the damages inquiry. It reads 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.”*

7. Lifestyle has pleaded, on the basis of the first clause of that provision (i.e. that part before the semicolon), that losses suffered or likely to be suffered by licensees should be taken into account in assessing and awarding damages [CB/15/196, 199]. The court is, it says, obliged to assess such damage as has been suffered by licensees as well as damage suffered directly by Lifestyle.
8. SD argues that Lifestyle is not able to rely on that provision because the relevant licensee’s licences were registrable transactions that were not registered [CB/18/219-220]. SD relies on s.25(3)(b) of the Act, which reads as follows:

*Until an application has been made for registration of the prescribed particulars of a registrable transaction— ... (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).*

## Brief Summary of Lifestyle’s Response [CB/19]

9. Lifestyle says that SD’s appeal should fail. As to the points of construction addressed by SD’s first ground of appeal, the Judge was correct to find that SD’s interpretation of the relevant sections is wrong. The correct interpretation (which Lifestyle advanced and the Judge accepted [CB/9/104-105]) is that the court must consider the losses of licensees when considering damages in a case of trade mark infringement brought by the proprietor. It does not depend upon any licence being registered.
10. That arises from the following propositions:

- 10.1. S.30(6) is mandatory. It says that the losses or likely losses of licensees “shall be taken into account”.
- 10.2. SD’s reliance on s.25(3) is misplaced. While s.25(3)(b) operates to exclude “*a person claiming to be a licensee*” from certain protections, Lifestyle are not persons claiming to be licensees<sup>2</sup>.
- 10.3. In any event, s.30(6) is not a provision within s.30 that is for the “*protection of licensees*”. It is a stipulation mandating that losses “*suffered or likely to be suffered by licensees*” be taken into account when (as here) a proprietor brings a claim.
- 10.4. Similarly, it is Lifestyle, and not any licensee, that is relying on s.30(6). Even if s.30(6) was a subsection included within “*the protection of section 30*”, there is no relevant “*person claiming to be a licensee*” and seeking to obtain that protection.
11. There is not (at least so far as Lifestyle’s researches can identify) any case law other than the decision of the Judge, nor is there any commentary<sup>3</sup>, that bears on the question. SD does not suggest otherwise<sup>4</sup>.
12. In any event, as to SD’s Second Ground, even if SD’s reliance on s.25(3)(b) has the consequence SD says it does, its effect is limited: it applies only “*[u]ntil an application has been made for registration...*”. Nothing prevents such applications being made, and Lifestyle says that can be done at any stage prior to the final order in the damages inquiry. Further, Lifestyle made an application in respect of the licence that SD particularly complained about before the hearing before the Judge, and it was registered shortly afterwards. Therefore even if SD’s first ground succeeds, its second ground should fail. The appeal does not provide a basis for summary judgment.

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<sup>2</sup> To be entirely clear, C1 was the proprietor of the trade marks at the time of the infringements. C2 was at the time of the infringements the exclusive licensee of the trade marks, but its exclusive licence was registered. SD’s complaint is about sub-licensees. SD’s evidence in the application confirmed that to be the case.

<sup>3</sup> Kerly’s Law of Trade Marks and Trade Names at [15-030] mentions s.25(3), but does not consider how it interacts with s.30(6).

<sup>4</sup> Its skeleton mentions some authorities that it cites for peripheral points.

### This Skeleton

13. Following that introduction, this skeleton addresses the following:

13.1. The approach to summary judgment, and the appellate function on this appeal;

13.2. The approach to statutory interpretation;

13.3. The relevant sections of the Act;

13.4. Ground 1;

13.5. Ground 2;

13.6. Commentary on SD's Chronology.

### The Approach to this Appeal

14. The application that led to this appeal was for summary judgment<sup>5</sup>, to exclude Lifestyle's reliance on s.30(6) of the act in respect of losses suffered by licensees whose licences had not been registered [SB/1/2-7].

15. On this appeal, as SD's Skel records at [11], the task of this Court is to review the Judge's decision that was founded on a pure point of law. Lifestyle agrees that is a binary question of whether the Judge was right or was wrong.

### The Approach to Statutory Interpretation

16. The most recent statement of the law from this Court, citing the authoritative explanations of the Supreme Court in various cases, appears in *Cadent Gas v City Fibre* [2026] EWCA Civ 46 at [27] to [29] (Miles LJ, with whom Phillips and Popplewell agreed). The guiding principles were expressed as follows:

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<sup>5</sup> The court will be familiar with the approach to a defendant's application for summary judgment, as set out in the judgment of Lewison J in *Easyair Limited v Opal Telecom Limited* [2009] EWHC 339 (Ch) at [15], and approved and applied by this Court (Floyd LJ, with whom Beatson LJ and Sir Stanley Burnton agreed on the law, Sir Stanley dissenting on the facts) in *TFL Management Services Ltd v Lloyds Bank* ("*TFL*") [2014] 1 WLR at [26] and [27].

*“A statutory provision is to be interpreted by identifying the meaning which a reasonable legislature as a body would be seeking to convey in using the statutory words under consideration. The words and passages used in a statute derive their meaning from their context. A phrase or passage must be read in the context of the section as a whole and in the wider context of a relevant group of sections, and the statute as a whole. The words chosen by Parliament are the primary source by which meaning is ascertained. Citizens, with the assistance of their advisers, should be able to understand parliamentary enactments, so that they can regulate their conduct. They should be able to rely upon what they read in an Act of Parliament.”*

### Relevant Sections of the Act

#### The Correct Version of the Act

17. To set out the relevant statutory background to the matters in issue on this appeal, Lifestyle says that ss.2, 9, 14, 22, 25, and 28 to 31 of the Act are relevant. It will arrange for their inclusion in an authorities bundle for this appeal in the form they had between the Act coming into force and 14/01/2019. That covers all of the period when the infringements took place (ending, according to SD, on 31/6/2016). It also covers the time when the claim form was issued (11/9/2015), and when liability was determined (20/4/2018).
18. Amendments to the Act made in 2019 are not directly relevant. Those amendments, in particular, introduced ss.30(1A) and 30(6A), on which SD relied before the Judge and relies now (see e.g. SD’s skeleton at [18], [22], [26] and [46]). At most, those amendments may play some role in confirming an interpretation that is reached by assessment of the sections as in force at the relevant times. However, Lifestyle says that, whichever version of the Act is considered, in the end it makes no difference: the Judge’s conclusions were right.

#### Infringement Actionable by the Proprietor by Default

19. For the purposes of this skeleton, Lifestyle makes the following basic points. The default approach of the Act is that infringement is only actionable by, and relief is only available to, the proprietor of the registered trade mark. That arises from the following provisions:
  - 19.1. A registered trade mark is an object of property obtained by registration (see ss.2(1) and 22). It is, of course, the property of its proprietor;

- 19.2. It is the proprietor of the trade mark that has the rights and remedies under the Act (see ss.2(1) and 9(1), 9(2), 14(1)); and
- 19.3. Relief (including) by way of damages is available to the proprietor in an action for infringement – s.14(2). (In that subsection the proprietor is, in the context set by s.14(1), referred to as “him”).
- 19.4. Section 31 provides an exception to that standard approach for exclusive licensees<sup>6</sup>. It provides (amongst other things) that where an exclusive licence so provides, the exclusive licensee may bring infringement proceedings in its own name (s.31(1)). That is a concurrent right of action with the proprietor (see s.31(2)). Sections 31(4) to (7) provide default provisions to determine how the concurrent rights of action are managed, but they can be ousted by agreement (s.31(8)). Such an agreement can be made at any time and is not registrable.
20. Section 30 deals with licensees who do not have an exclusive licence. By s.30(1), it directed<sup>7</sup> exclusive licensees to s.31. If so, then they rely on s.31, but for non-exclusive licensees, s.30 applies. It provided as follows:
- 20.1. S.30(2) provides that the licensee may call on the proprietor to bring proceedings.
- 20.2. S.30(3) provides that if the proprietor does not, then the licensee may bring proceedings in his own name.
- 20.3. If he does so, the proprietor must become a party to the proceedings – ss.30(4) and (5).

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<sup>6</sup> An exclusive licence is defined in s.29. The licences SD complain about in this application are not exclusive.

<sup>7</sup> References to s.30 here are to its form at the time of the infringements and at the time of the claim form. Some explanation may also be useful in respect of s.30(7) which at first glance could look inconsistent with the second sentence of s.30(1). S.30(7) means that, if an exclusive licensee brings an action, then s.30 applies to any sub-licensees of that exclusive licensee as though he were the proprietor.

20.4. S.30(6) (set out at paragraph 6, above) is not a section dealing with proceedings brought by licensees. Instead it expressly addresses “*infringement proceedings brought by the proprietor*”. It provides that, where the proprietor brings an action, “*any loss suffered or likely to be suffered by licensees shall be taken into account*” (emphasis added). That is, it is mandatory to take into account any such losses or likely losses of licensees when a proprietor brings an action.

20.5. S.30(6) goes on to provide that “*the court may give such directions as it thinks fit as to the extent to which the plaintiff [i.e. the proprietor] is to hold the proceeds of any pecuniary remedy on behalf of licensees.*” (emphasis added). That is, it is optional to give directions about what the plaintiff is to do with the proceeds of any pecuniary remedy that results from licensees’ losses.

21. Section 30(6) is thus a provision that is principally for the benefit of proprietors of trade marks. That is consistent with it only applying in “*infringement proceedings brought by the proprietor*”<sup>8</sup>. That is also consistent with:

21.1. The right that has been invaded by infringement being the proprietor’s property right (ss.2(1) and 22);

21.2. The proprietor being entitled to the rights and remedies that the proprietor’s property right brings (see ss.2(1) and 9(1), 9(2), 14(1)), and

21.3. The proprietor being entitled to relief by way of damages (s.14(2)).

#### Registrable Transactions

22. Section 25 provides that certain transactions are registrable (s.25(2)). Such transactions include the grant of a licence<sup>9</sup> – s.25(2)(b)). Particulars of a registrable transaction may be entered on the register upon application being made to the registrar (s.25(1)).

23. Sections 25(3) and (4) provide in full as follows:

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<sup>8</sup> Or an exclusive licensee acting as proprietor pursuant to ss.31 and 30(7).

<sup>9</sup> Some general provisions in respect of licences are made in s.28.

*(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*

*(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 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.*

24. Lifestyle accepts that the licences to which this application relates are registrable transactions. However, registration is not mandatory, and there are no adverse consequences for a proprietor in not registering them: the registration of a licence is optional under the 1994 Act.

25. As already set out above, s.25(3)(b) only applies to “a person claiming to be a licensee”, and only applies “until an application has been made for registration”. Until such an application is made, the person claiming to be a licensee does not have “the protection of s.30 or 31.” However, s.30(6) is not a section that (at least in the part of it relevant to Lifestyle’s claim) provides protection to a licensee. It is a provision that mandates that licensees’ losses are taken into account when a proprietor’s claim for damages is assessed.

## Ground 1 [CB/1/16]

26. Ground 1 says that 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.
27. The relevant part of the Judgment addresses that issue, which turns on the interpretation of ss.25(3)(b) and 30(6) at [50] to [55] [CB/9/104-105]. Its conclusion, at [54], is that “*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.*” That was the correct conclusion.

### SD’s Four Arguments in support of Ground 1:

28. SD’s skeleton sets out 4 arguments, in support of ground 1 of its appeal, at paragraphs 25 to 28; 29 to 33, 34 to 40, and 41 to 48. In summary, those arguments are, 1) the Judge’s conclusion is inconsistent with the scheme of ss.25(3)(b) and 30(6); 2) ss.25(3)(b) and 30(6) govern the rights of licensees, not the rights of proprietors; 3) the purpose of ss.25(3)(b) and 30(6) were to balance the interests of rights holders and market operators, and that incentives for registration encourage free competition and transparency; and 4) the Judge reached his conclusion to avoid a legal “black hole”, but no such black hole existed.
29. Lifestyle submits that none of those arguments have merit. They do not give a basis for a different conclusion to that reached by the Judge. They are addressed in turn.

### First Argument – the Scheme of ss.25(3)(b) and 30(6) [CB/5/48-49]

30. SD says (SD skel [25]) that the scheme of ss.25(3)(b) and 30(6) is that losses of a licensee can only be taken into account if a licence has been registered. That is a circular proposition, that assumes the conclusion SD wishes to reach, and the propositions made in SD’s skel at [26] to [28] suffer from the same vice.
31. Beyond those circular propositions, SD does not identify any broader “scheme” to which ss. 25(3)(b) and 30(6) should conform, nor does it address the language of the sections that led the Judge, correctly, to reach a different conclusion. In particular, SD does not address the fact that s.30(6) is directed at proceedings brought *by the proprietor* to protect its trade mark; does not deal with the fact that other provisions in s.30 protect a licensee – that is,

ss.30(2) to (5); and does not deal with the general scheme of the Act that provides that the proprietor is charged with bringing infringement proceedings and obtaining remedies that flow from infringements, despite the fact that the rights in question are often (with the approval of the Act) exploited by licensing them to others.

32. The specific proposition in SD's skel [28] that the interpretation reached by the Judge is "*a charter for the unjust enrichment of the proprietor*" is wrong. Section 30(6) prevents a proprietor being deprived, on the basis that he exploits it in conjunction with another person, of the correct measure of damage from the unlawful exploitation of its property right. Further, s.30(6) does not say that a proprietor must keep the damages the court assesses are due. It is, on the contrary, SD's approach that would lead to a considerable windfall for SD: by this application SD seeks to escape most of the consequences of their infringement of the exclusive rights attached to Lifestyle's trade marks.

33. Contrary, therefore, to SD's propositions on this first argument, there is nothing in the scheme of s.25(3)(b) and 30(6) that leads to the interpretation SD proposes. The scheme of the Act as a whole, and the specific language of ss.25(3)(b) and 30(6) indicate that the interpretation the Judge reached was correct.

*Second Argument –ss.25(3)(b) and 30(6) govern rights of licensees, not proprietors*  
**[CB/5/49]**

34. The core of this argument is that ss.25(3)(b) and 30 deal with and only with the rights of licensees (see particularly SD Skel [29] and [32]).

35. Lifestyle accepts that s.30 is largely directed at protection of licensees, but it is not limited to that objective. Section 30(6) in its first clause provides in terms and without any limitation that in proceedings brought by the proprietor losses or likely losses of a licensee "shall be taken into account". In its second clause s.30(6) permits the proprietor to retain all or some of a resulting pecuniary remedy. It is not, or is not exclusively, a provision for the benefit of licensees: SD's proposition to the contrary in its skeleton at [32] is untenable. Contrary to SD's argument, s.30(6) is a provision that mandates matters that are to be taken into account when a pecuniary remedy is calculated in infringement proceedings brought by a proprietor.

36. SD also says that s.25(3)(b) provides that without registration of a licence it means no licensee can have any protection from s.30, with the consequence that (without registration) s.30(6) does not apply at all. As to that:

36.1. First, it misstates or ignores the opening part of s.25(3)(b). That subsection is concerned only with “*a person claiming to be a licensee*”. As the Judge correctly held in the Judgment at [51] [CB/9/104], when a proprietor brings an action for infringement, the proprietor is not “*a person claiming to be a licensee*”, and to the extent that s.25(3)(b) disapplies any aspect of s.30, it disapplies it only in a way that is personal to such a person.

36.2. Secondly, it is inconsistent with the language of s.30(6), which is mandatory in proceedings brought by the proprietor.

37. Finally on this argument, at SD’s skel [33] SD says that s.30(6) can only be considered as a whole, and that it is not a proper approach to divide it up into different sections that might or might not be disapplied by s.25(3)(b). As to that:

37.1. First, it is not what the Judge did. He did not divide up s.30(6) and say that some was protection for a licensee and some was not. As noted above at 36.1, the Judge held that where s.25(3)(b) meant there was some loss of protection, that was a loss that was personal to the person claiming to be a licensee. Section 30(6) therefore might apply differently to different persons.

37.2. Secondly, the different sections of s.30(6) do have different consequences: the first part (before the semicolon) says that licensees’ losses must be taken into account; the second part gives instructions about what might happen to the pecuniary remedy the court determines following the consideration of licensees’ losses mandated by the first part.

37.3. Thirdly, in the last part of SD Skel [33] SD in substance repeats earlier propositions i) that s.30(6) does not confer advantage on the proprietor, but is a protection for a licensee, and ii) that the Judge’s interpretation leads to an unjust windfall for the proprietor. Each of those points are addressed above (respectively at paragraphs 35 and 32, above).

Third Argument – purpose to balance the interests of rights holders and market operators  
[CB/5/50]

38. SD’s third argument is a proposition that the purpose of incentivising the registration of licences was in the interests of transparency and free competition; SD says that registration of a licence is “*for the benefit of the market, and other parties when seeking to explore their own options for using a sign*” (SD Skel [37]). It suggests that a trade mark with unregistered licences acts as a Trojan Horse “*full of unregistered licensees claiming damages*” (SD Skel [38(c)]).

39. No support is identified for those propositions. They misunderstand or misstate the purpose of registration of licences, and misstate the effect of applying s.30(6) in respect of licences that have not been registered. To elaborate those points:

39.1. In respect of support for those propositions, there is reference in SD’s Skel [40] to debates in the House of Lords during the passage of the Trade Marks Bill. No particular passages are identified, nor is any basis identified on which any particular passage from those debates is admissible<sup>10</sup> as a matter to be taken into account in interpreting the Act. Lifestyle’s reading of the debates does not suggest that they support SD’s position. On the contrary, they say nothing to support the existence of the factors of the balance SD says are to be considered. They do make clear that registration of transactions was always intended to be optional<sup>11</sup>. Complete

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<sup>10</sup> The Supreme Court’s most recent consideration of the admissibility of material from Hansard is found in *Darwall v Dartmoor National Park Authority* [2025] AC 1292 at [39] to [43].

<sup>11</sup> For example, Lord Strathclyde, during the second reading of the Trade Marks Bill noted, in respect of registration of assignments and licences, that the Bill implemented the “*deregulatory promises of the White Paper*”, and that “*provision will be made for licences to be recorded on application from one of the parties, but it will be voluntary.*” (Lords Hansard, vol 550, cols 751-2, 6 December 1993). The White Paper referred to was “Reform of Trade Marks Law”, Cm.1203. It addressed the licensing of trade marks at paragraphs 4.34 to 4.39. It explained that the then existing law (the Trade Marks Act 1938) had a cumbersome, and optional, system for the registration of “Registered Users” of trade marks. That system was to be done away with, and replaced with a stipulation simply that “*a trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the UK.*” (para

submissions on this point can only be made if and when SD actually identifies on what it relies, and the basis of that reliance.

39.2. Further, given that the registration of a trade mark under the Act grants exclusive rights, and given that s.92 of the Act makes many instances of trade mark infringement criminal offences, it is unlikely that any aspect of the Act was intended to encourage other market operators to make a commercial calculation that infringement would be to their advantage. On the other hand, the Act does make provisions that enable market operators to make assessments of whether or not they are infringing at all (e.g. by requiring a public register of trade marks), and if so to know by whom they might be sued.

39.3. The purpose of registration of licences can therefore be inferred from the Act: it is only where a licence is registered that a non-exclusive licensee might, in place of the proprietor, bring infringement proceedings (see s.25(3)(b) and s.30(3)). The registration of a non-exclusive licence is needed so that an alleged infringer can understand the basis on which someone other than the proprietor is bringing infringement proceedings against it.

39.4. In any event, the registration of a non-exclusive licence is not required before an infringer can calculate the size of a pecuniary award that might be made against it in making a decision to act unlawfully by encroaching on the exclusive right granted by the registration of a trade mark. Further, for the same reason does that Trojan Horse problem SD refers to arise: if an infringer sees that no licences to a trade mark are registered, it will be driven to conclude that any commercial use of the mark in question it sees is by the trade mark proprietor, or by an unregistered licensee. It still knows that use has been made. Even without knowing of any use, it can consult the register to enable an assessment of whether or not it infringes at all to be made. Neither s.25(3)(b) nor s.30(6) suggest to the infringer that they will not be liable to

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4.37). The White Paper rejected a proposal for registration of licences to be mandatory. It noted that disregarding use by an unregistered licensee would not be compatible with Directive 89/104 (4.38). It concluded that recording of licences should be encouraged, in the interests of legal transparency, and that only registered licensees should have the right to bring proceedings.

pay a pecuniary award that takes into account damage to any licensee, registered or not. On the contrary, insofar as it is relevant to an infringer, s.30(6) is entirely clear that a pecuniary award will take losses suffered by licensees into account.

*Fourth Argument – no black hole [CB/5/53]*

40. By this argument, SD says that the Judge “craft[ed] a remedy” which was not appropriate under the Act, because of a concern that damages suffered might otherwise go unrecovered. SD goes further and suggests (SD Skel [46] to [48]) that the Judge provided a means for licensees to bring an action where none are provided by the Act.
41. That is an inaccurate account of what the Judge did. He did not set out to, nor did he, “craft a remedy”. He undertook an exercise of statutory construction that led him to conclude, correctly, that s.30(6) required losses suffered by licensees to be taken into account when assessing damages in a claim brought by a trade mark proprietor. Similarly, he did not provide any basis for a licensee to bring an action.
42. To the extent that the Judge did consider a “legal black hole” at Judgment [29(ii)] [CB/9/101] and [53] [CB/9/105], it was not a driving force of his analysis and findings. It was (at [53]) a statement about the consequences of the interpretation of the Act that he had reached. The Judge correctly considered that the consequence of his interpretation of ss.25(3)(b) and 30(6) was that the Act avoided a scenario where an unlawful act caused a person financial injury, but that there was no way of obtaining recompense as a result of that injury.

*Conclusion on Ground 1*

43. For the foregoing reasons, i) the Judge’s interpretation of ss.30(6) and 25(3)(b) was correct; and ii) the arguments advanced by SD do nothing to call that interpretation into question. Further, those arguments advanced by SD do not grapple with the aspects of the language of ss.30(6) and 25(3)(b) on which the Judge particularly relied in reaching his conclusion. Lifestyle therefore submits that Ground 1 of this appeal should be rejected.

*Ground 2 [CB/1/16-17]*

44. Ground 2 of this appeal only has any practical application if ground 1 succeeds. If ground 1 fails, ground 2 is academic only.

45. Ground 2 attacks the Judge’s conclusion that, even if SD is correct in their interpretation of s.25(3), Lifestyle is still able to rely on s.30(6) because applications to register licences can still be made. It is set out at SD’s Skel [7(b)] **[CB/5/44]**.
46. The Judgment addresses this point at [56] to [59] **[CB/9/106]**. It concludes that there is no restriction on the time when the application under s.25(3) can be made in order to obtain the protection of ss.30. Therefore even if SD was correct and s.30(6) is a “protection” for a person claiming to be a licensee, then that protection operates at the point at which factors that contribute to the pecuniary remedy ordered are taken into account. That has not yet happened.
47. In reaching that conclusion, the Judgment correctly relied on the facts that i) the language of s.25(3)(b) has no time limit – that is, it provides for a time frame for the application to register that is open-ended, and ii) that the language of s.25(3)(b) is notably different in its form to s.25(4): s25(4) does provide a time limit. It says that if a licensee brings proceedings, the court will not award that licensee costs of doing so unless the prescribed particulars of its licence have actually been registered before an act of infringement takes place. That is subject to some protection for the licensee in ss.25(4)(a) and (b) if the infringement happens soon after the licence was entered into: the licensee can be awarded costs if the licence is registered within 6 months of its date, or if it was not practicable to do so in that period, as soon as it becomes practicable thereafter. So, for example, if a transaction is not registered for, say, 12 months, and infringement then takes place, a licensee cannot resurrect an entitlement to costs in respect of that transaction by then applying to register its licence.
48. SD attacks this conclusion in the following ways **[CB/5/55]**:
- 48.1. In SD Skel [54], it says that both ss.25(3) and 25(4) place an obligation on a licensee to complete a procedural step before it can obtain a benefit at a third party’s expense. For the reasons set out in the response to ground 1, that proposition misses the point: Lifestyle is not a licensee seeking to obtain a benefit at a third parties’ expense.
- 48.2. In SD Skel [56(a)], SD says that the Judgment renders s.25(3)(b) asymmetric with s.25(3)(a). SD seeks to explain this proposition and its alleged adverse consequences at SD’s skel [57] to [60] and [62] to [68] **[CB/5/56-58]**. That argument is addressed at paragraphs 49 to 53 below.

48.3. In SD Skel [56(a)] and [61], SD says that the Judgment contemplates the registration of a licence that has expired, and that, it says, is inconsistent with s.25(5) which permits the removal of expired licences from the register. That argument is addressed at paragraphs 54 to 56 below.

Alleged Asymmetry between ss.25(3)(a) and (b)

49. Lifestyle's position is that there is no asymmetry between these subsections: the same language applies to both; the same language is clear that it is open-ended in time; the same language is quite different from the language in s.25(4).

50. SD counters this at SD Skel [57] [CB/5/55] by asserting that s.25(3)(a) favours the first to register a registrable interest over the first to obtain a registrable interest. SD also asserts that the first to register defeats the interests of the first to obtain forever. As to that:

50.1. SD's position asserts effects of s.25(3) that are not found in the language of that subsection, and are inconsistent with language that is found in that subsection: it ignores the presence and meaning of "*Until an application has been made...*". Section 25(3) therefore makes clear that the consequences of each of its subsections end when an application to register a transaction is made.

50.2. The licences in issue on this appeal are non-exclusive licences. SD does not explain, what conflict is said to exist between different non-exclusive licensees. Lifestyle submits that there are none.

50.3. Even when other sources of registrable transaction are considered, such as an assignment and a licence, or two exclusive licences, there is nothing in s25(3) that says the first person to file for the registration of a transaction defeats rights of an earlier recipient for all time: if the circumstances of the transaction do give rise to one person acquiring a conflicting interest in the in or under the registered trade mark in conflict with another person's interest, then the earlier transaction becomes effective upon an application for registration being made. It may be that the person that was second in time to acquire an interest may have a basis to complain about the proprietor's acts.

51. As a consequence, Lifestyle submits there is nothing in the alleged asymmetry point.

52. However, even if there is some asymmetry, that does not make good SD's contention (made e.g. in SD Skel [58] [CB/5/55]) that trade mark infringers can through ignorance escape liability for the losses they cause to licensees. At SD Skel [60] SD's approach suggests that an infringer's acts of infringement should be treated as though they were an "interest" that conflicted with the interests of the trade mark proprietor or its licensees. Those propositions should be rejected for the reasons set out in response to SD's third argument on Ground 1.
53. Further, SD's Skel [63] to [64] [CB/5/57] make baseless assertions about the "*raison d'être*" of s.25(3) equivalent to the propositions made in its third argument on Ground 1. Again, those should be rejected for the same reasons.

#### Registration of expired licences

54. SD implicitly argues at SD Skel [61] that the Judge was wrong to reach his conclusions at Judgment [56] to [59] [CB/9/106] because that led to a conflict between ss.25(3) and 25(5). SD says that allowing registration of a licence under s.25(3) at any time means that licences that have expired can be registered. SD further says that means s.25(3) overrides s.25(5) when it should not do so.
55. That proposition is wrong. The Judge's decision does not lead to any conflict between ss.25(3) and 25(5). Section 25(5) does not prohibit an application to register a licence that has expired, nor does it prohibit the registration of particulars of a licence that has expired. On the contrary, the Act (and the Trade Marks Rules 2008<sup>12</sup> made under it) mandates the inclusion on the register of particulars of a registrable transaction following an application for the same, and they place no restriction on when an application to register a licence is made.
- 55.1. Section 25(1) mandates the inclusion of prescribed particulars on the register following an application for the same by (inter alia) any "*person claiming to be affected by a transaction*".

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<sup>12</sup> While there have been amendment to these rules, there have been no amendments to any of the rules relevant to this application.

55.2. Rule 48 is also in mandatory terms. It does not place any limitation on when an application to register a transaction may take place.

55.3. Rule 49 proscribes the form to be used for an application for registration and the things that should be included on that form or with that application. It imposes no other requirements or restrictions.

55.4. Rule 53 (which is the rule permitted by s.25(5)) provides that material on the register that has ceased to have effect may be removed only after a process seeking objections to its removal has run its course. There is thus a detailed process to be followed if material that has ceased to have effect is to be removed. There is no prohibition on the inclusion of material that has ceased to have effect.

56. As a consequence, this argument in support of SD's Ground 2 is also wrong.

#### SD's Final Arguments on Ground 2

57. Two final points are made in SD's Skel in support of Ground 2. At [65] [CB/5/57-58] SD seeks to draw an analogy with decisions on the voluntary registration of licences under the Patents Act 1977. At [67] SD asserts that, prior to the Judgment, parties were able to rely on s.25(3) to provide them with certain protections. Neither are good points:

57.1. As to the point in SD Skel [65], it does not assist SD. The decisions relate to provisions in a different act (i.e. they relate to different formulations over time of s.68 of the Patents Act 1977) that are not equivalent to any provision directly in issue on this appeal. It deals (as Jacob J held in *LG Electronics* case cited at SD Skel 65(a), at [15]) with “*who owns British monopolies*” and (at [18]) “*The section is aimed at making the people who own the monopolies get on the register.*”. Neither of those things are addressed by s.25(3)(b) of the Act. The closest provision in the Act is s.25(4). The Judge in this case held, correctly, that s.25(4) had different language and a different effect to s.25(3) [CB/9/106].

57.2. As to the point in SD Skel [67], it is not clear what SD is saying, other than an assertion that the Judgment is wrong because s.25(3) means something the Judgment held it did not. To the extent that is a point SD takes, it appears to fall within Ground 1 of its appeal. That is addressed above.

Commentary on SD's Chronology [CB/5/42-43]

58. SD's chronology at the beginning of SD's Skeleton implicitly complains about the time at which Lifestyle pleaded reliance on s.30(6). This is not an allegation relevant to SD's appeal: neither SD's application nor this appeal complained that the point has not been pleaded, or not pleaded at the correct time. Instead that application and this appeal are brought on the basis of points of law concerning ss.25(3)(b) and 30(6) of the Act, as addressed above.

59. In any event, it is wrong because:

59.1. First, it is the claim form, not the particulars of claim, that sets out the relief sought (CPR 16.2(1)(b)). The Claim Form seeks, simply, an inquiry as to damages. It sought a financial remedy in an unquantified sum – see the statement of value – and stated that Lifestyle were unable to (and so did not) quantify their damage at that stage [CB/12/120-124]. It noted that, in the normal way, this dispute would proceed by a split trial, with liability being determined first, and then quantum at a second trial.

59.2. Secondly, (and as recorded in that statement of value on the Claim Form), the Particulars of Claim in this case did not relate to the inquiry as to damages, but only to issues of liability [CB/12/125-150]. The Points of Claim [CB/15/210] were the place for matters of fact relied on in respect of the liability for damages to be pleaded. Ds' approach suggests wrongly that the pleading for the liability phase of this dispute overrides or limits the damages claimed in respect of the infringements found in that liability phase to have arisen.

59.3. Thirdly, the role of a Particulars of Claim (or, at the quantum stage, a Points of Claim) is only to set out the facts on which a party relies (CPR 16.4(1)(a)). It is not to plead consequences of those facts, nor is it to plead matters of law. Even if one legal consequence is pleaded, that does not prevent another being advanced<sup>13</sup>. Further,

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<sup>13</sup> See e.g. Lord Denning MR's well-known statement in *In Re Vandervell's Trusts (no.2)* [1974] Ch 269, at p.321, "*It is sufficient for the pleader to state the material facts, He need not state the legal result. If, for convenience, he does so, he is not bound by, or limited to, what he has stated.*". That has been applied in numerous cases under the CPR, e.g. *Brake v Guy* [2021] 4 WLR 71 at [85].

s.30(6) is a mandatory provision. It provides that licensees' losses shall be taken into account.

59.4. Fourthly, at the quantum phase damages in respect of infringements that have not even been addressed at the liability phase can fall to be assessed (as noted for example in *Lufthansa Technik AG v Astronics Advanced Electronics Systems and others* [2023] EWHC 1136 (Pat)). That indicates that the liability phase does not prevent wider considerations at the quantum phase, and is not the time for all (or, indeed, any) of the propositions that would be advanced at the quantum phase to be advanced. *A fortiori*, the quantum phase is not prevented from considering all the loss that flows from the infringements actually found to have taken place during the liability trial.

### Conclusion

60. For those reasons, this appeal should be dismissed.

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