

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
INTELLECTUAL PROPERTY LIST (CHANCERY DIVISION)
INTELLECTUAL PROPERTY ENTERPRISE COURT

Rolls Building
Fetter Lane, London, EC4A 1NL

Date: 25 July 2018

Before :

MR JUSTICE ARNOLD

Between :

FRANK INDUSTRIES PTY LTD	<u>Claimant</u>
- and -	
(1) NIKE RETAIL BV	<u>Defendants</u>
(2) NIKE EUROPEAN OPERATIONS	
NETHERLANDS BV	
(3) NIKE (UK) LIMITED	

Douglas Campbell QC and Georgina Messenger (instructed by **Osborne Clarke LLP**) for the
Claimant
James Abrahams QC and Jessie Bowhill (instructed by **DLA Piper UK LLP**) for the
Defendants

Hearing dates: 12-13 July 2018

Judgment Approved

MR JUSTICE ARNOLD :

Contents

<i>Topic</i>	<i>Paragraphs</i>
Introduction	1-3
The Trade Marks	4
The signs complained of	5-6
The witnesses	7-8
Factual background	9-59
Frank and its business	9-48
Nike and their business	21-28
Abbreviations in contemporary language	29-30
LDN	31
The genesis of the Campaign	32-46
Nike's trade mark search	47
Elements of the Campaign	48-59

Nike LDNR award	49
Social media	50
The Film	51-52
Half-term events	53
X Box	54
Nike stores	55
Nike website and app	56
Premier League Football matches	57
Google adverts	58-59
Key legislative provisions	60-61
Relevant dates for assessment	62-63
The average consumer	64
Validity of The Trade Marks	65-87
The law	66-76
Article 4(1)(c) of the Directive/Article 7(1)(c) of the Regulation	66-67
Acquired distinctive character	68-76
Assessment	77-86
Article 4(1)(c)/Article 7(1)(c)	77-86
Acquired distinctive character	87
Infringement under Article 10(2)(b) of the Directive/Article 9(2)(b) of the Regulation	88-117
The law	88-93
Use in relation to goods or services	89-90
Comparison of goods and services	91
Likelihood of confusion	92
Contextual assessment	93
Assessment	94-117
The distinctive character of the Trade Marks	94
Comparison of the Trade Marks and the signs	95-96
Comparison of goods and services	97
Use in relation to clothing	98-108
Has there been actual confusion?	109-116
Overall assessment	117-118
Conclusion	119
Infringement under Article 10(2)(c) of the Directive/Article 9(2)(c) of the Regulation	120
Defence under Article 14(1)(b) of the Directive/Article 14(1) of the Regulation	121-132
The law	122-128
Signs or indications concerning characteristics of goods or services	122
In accordance with honest practices	123-128
Assessment	129-132
Sign or indication concerning a characteristic of the goods	129
In accordance with honest practices	130-131
Conclusion	132
Passing off	133
Summary of principal conclusions	134

Introduction

1. The Claimant (“Frank”) owns a UK Trade Mark and an International (EU) Trade Mark consisting of the letters LNDR registered in respect of “clothing” including “sportswear” (“the Trade Marks”). Frank uses the Trade Marks in uppercase lettering. On 11 January 2018 the Defendants (“Nike”, which includes other relevant members of the Nike group of companies) embarked on a new advertising campaign in the UK (“the Campaign”) in which Nike used the sign LNDR in uppercase letters, and devices which include those letters in combination with other elements. Frank contends that Nike have thereby infringed the Trade Marks and committed passing off. Nike deny infringement and counterclaim for a declaration that the Trade Marks are invalidly registered.
2. Although the dispute raises, like so many trade mark cases these days, a considerable number of issues, the key questions are how the average consumer would perceive the signs LNDR and LDNR in context. Context is often important in trade mark cases, and for the reasons explained below in this case it is critical. As it happens, my own first, largely acontextual reaction to the sign LNDR when reading Frank’s skeleton argument was to think of a railway (cf. LNER); but neither side’s sign or usage has anything to do with railways.
3. Frank commenced the claim on 19 February 2018, having sent a letter before action on 26 January 2018. On 2 March 2018 HHJ Hacon granted Frank an interim injunction and directed an expedited trial of the claim. On 13 March 2018 the Court of Appeal substantially upheld that decision, although it varied Judge Hacon’s order in one respect. Although the effect of the injunction was to bring the Campaign to a halt, and Nike have not yet decided whether they wish to resume the Campaign, they want to establish that they are lawfully entitled to do so, in whole or in part, if they so wish.

The Trade Marks

4. Frank is the registered proprietor of the following Trade Marks:
 - i) UK Trade Mark No. 3095285, a series of two marks, the word LNDR and a barely stylised word consisting of LNDR in a plain font, registered in respect of goods and services in Classes 3, 14, 18, 25, 35 and 42 including “clothing ... sportswear” in Class 25 with effect from 19 February 2015; and
 - ii) International Trade Mark (EU) No. 1318062, the word LNDR registered in respect of goods in Class 25 including “clothing ... sportswear” with effect from 10 March 2016.

The signs complained of

5. Frank complains of Nike’s use of the following signs:
 - i) LDNR in plain text, primarily as part of the phrases “Nothing beats a LDNR” and “Show you’re a LDNR”;
 - ii) the following device (referred to as “the Lock-up”):



- iii) the following device (which I shall refer to as “the NBAL Lock-up”):



6. Frank complains of Nike’s use of these signs in a variety of different contexts. In principle, as counsel for Nike pointed out, the Court is required to make a separate assessment in respect of each sign in each context. It would be burdensome to do so exhaustively, and I do not believe that it is necessary. I propose to make findings in respect of what I consider to be a representative selection of uses.

The witnesses

7. Frank’s principal witness was Joanna Turner, Frank’s sole shareholder and director. Frank also called Daniel Cliff and Marsha Chambers as witnesses who are said to be have confused by Nike’s use of the signs complained of. In addition, Frank adduced a witness statement from Katia Kazakevica, who is also said to have been confused, under a hearsay notice since she was abroad at the time of the trial. Counsel for Nike made no criticisms of Frank’s witnesses.
8. Nike’s sole witness was Jamie McCall, the Senior Marketing Director for Nike UK & Ireland, who has worked for Nike in various marketing roles since 2006. Although counsel for Frank was critical of certain aspects of Mr McCall’s evidence, he did not suggest that any of Mr McCall’s evidence was untruthful.

Factual background

Frank and its business

9. Frank is a small Australian company with an establishment in the UK. Ms Turner and her colleagues Sarah Donnelly (now Sarah Scott-Hunter) and Donna Harris created the LNDR brand in 2015. Their concept was to create a range of clothing to target the premium activewear market. Frank’s objective is to grow LNDR into a global brand by creating the best activewear products on the market.
10. Ms Turner came up with the name LNDR by accident in January 2015. She had had the idea of using the name Launder, as a reference to care instructions and quality.

She saved a document and took the vowels out of the name to make it shorter. She thought LNDR looked good as a brand name, and was better than Launder because it was not a real word.

11. When Frank came to register the UK Trade Mark in February 2015, Ms Turner carried out trade mark, Google and social media searches for LNDR and found nothing in respect of clothing or any other goods. The only other use she was able to find, apart from some individuals using LNDR on social media as their own initials, was lndr.com, an Australian business which lent lawn mowers (in that context, it would appear that it was an abbreviation for lender).
12. Frank started talking to buyers about the brand in April 2015. Ms Turner and her colleagues were often asked how to pronounce the name and what it meant, and still are to this day. Their response to the first question is that it is pronounced “L-N-D-R”. Their initial response to the second question was to explain about the derivation from Launder. They soon realised that they could also say that LNDR was reference to Londoner, although they appreciated that removing the vowels from LONDONER would give LNDNR. This explanation suited the brand since it was based in London and inspired by the active lifestyle of a big city. For a time, Frank’s “Brand Bio” gave both explanations. Subsequently, in April 2016, Frank decided to streamline the message by removing the Launder explanation. From then until the commencement of this litigation Frank made statements to retailers and others such as:

“The abbreviation of LNDR is a wink to the brand’s DNA: although team members are from different corners of the globe, each is now a proud ‘Londoner’.”
13. The first LNDR products were marketed in the UK in late 2015. Since then Frank has sold a range of ladies’ activewear clothing in the UK and elsewhere in the EU and the rest of the world. It intends to launch a mens’ range later this year. Many of its products are prominently branded with LNDR and its goods are now sold in a number of high-end and exclusive outlets in 20 countries across the EU and the rest of the world, from its own website at www.lndr.uk and from a number of major premium online retailers.
14. Frank’s turnover in the UK and EU in its first three and a half years of business has grown very quickly, more than tripling between 2016 and 2017 to reach wholesale total sales of over £475,000 in the UK, over £308,000 in the rest of the EU and over £1.25 million in the rest of the world in 2017. Furthermore, less than six months into 2018, Frank’s turnover is already at over 80% of the total turnover for 2017.
15. Frank’s brand has been taken up by premium online retailers such as Net-a-Porter and premium stores such as Harrods, Harvey Nichols and Selfridges. These retailers are selective in the products they stock. The fact that they have chosen to stock the brand is evidence of the reputation it has established and further enhances that reputation with consumers. In particular, these retailers typically invest in their own marketing and PR for the brand by showcasing it in mailers, blogs, social media posts and articles directed to customers on their extensive mailing lists as well as at promotional events.

16. Frank has had a number of unsolicited approaches from premium retailers in the UK and elsewhere in the EU wishing to stock the brand. It has also been approached by mainstream online retailers such as ASOS and Amazon, but it has turned down such requests in order to maintain the premium nature of the brand.
17. Frank's brand has also achieved positive publicity in the national press and media. For example, it was identified as one of "6 Workoutwear Brands You Should Know" by *Vogue* in July 2016, featured in an article on 2017's hottest fitness trends by the *Evening Standard* in January 2017 and featured as one of "3 New Fitness Brands That You'll Want to Know About" and the "Best Kit for the Studio" by *Women's Health* in February 2017.
18. Frank has spent considerable amounts relative to its turnover on marketing and promoting the brand via traditional channels such as physical advertisements and in-store promotions, spending over £166,000 in 2017 in the EU with the majority of that sum being spent in the UK. However, one of the primary ways in which Frank promotes its brand is through celebrity "influencers". Frank provides sample clothing to selected individuals with a high number of social media followers and to celebrities. Those individuals are not paid to promote the brand, but if they like the product, they post images of themselves on social media wearing the product and identifying the brand, thus promoting the brand to their social media followers. In the case of celebrities, promotion of the brand is further enhanced as a result of those individuals being featured in the national press and media wearing Frank's products.
19. As well as promotion via influencers, Frank has promoted the brand via its own social media channels, and in particular its Instagram account. At the end of February 2018 Frank had over 16,800 followers on Instagram, a figure which had increased to over 19,700 by mid-June 2018.
20. Frank's products are premium in nature, being made of high quality technical fabrics and produced by selected manufacturers in Europe and this is reflected in the retail price of the products. An LNDR T-Shirt retails at approximately £65 with leggings retailing at £95-£140. Frank has taken care in its strategy to ensure that it has positioned the brand such that the reputation it has developed is of a premium product range. As well as being selective in its choice of third party retailers and its promotion of the brand, it has taken further strategic decisions, such as only offering limited discounts and only in relation to seasonal stock and buying back unsold core style stock from third party retailers to ensure they do not retail them at a discount in order to protect the price point of its products.

Nike and their business

21. Nike are world-famous suppliers of clothing and footwear, and in particular sportswear and sports shoes, and other goods. Nike operate (including through their authorised partners) retail stores and sell products throughout the world under and by reference to their famous trade marks including the following ("the Nike Trade Marks"):



(“the Swoosh”)



22. Nike have intensively used and promoted the Nike Trade Marks since their adoption in 1971. The amounts spent by Nike on advertising and promotion under the Nike Trade Marks are simply enormous. In 2017 Nike’s global advertising expenditure was \$3.34 billion. The figures for Nike’s UK advertising expenditure are confidential, but substantial. Nike’s revenues are also enormous. In 2017 Nike’s revenue for Western Europe (including the UK) was \$6.2 billion.
23. Nike have a long history of celebrity endorsement, with elite athletes such as Harry Kane, Michael Jordan and Serena Williams being sponsored by Nike. Sponsored athletes wear clothing, footwear and accessories bearing the Nike Trade Marks and participate in and appear at high profile sporting events watched by millions of viewers around the world.
24. Nike advertise their products extensively through social media including Facebook, Twitter, Instagram, YouTube and online blogs. As at 6 June 2018 Nike had 31 million “likes” for their Nike Facebook page, 7.4 million followers for their @Nike Twitter handle, and 77.9 million followers for their Nike Instagram account.
25. The Nike brand is consistently ranked among the most valuable brands by various publications. For example, in 2017 it was named the 18th most valuable brand in the world, with an estimated value of \$27 billion, in Interbrand’s “Best Global Brands” rankings.
26. There is no dispute that the Nike Trade Marks, including the Swoosh, are very well known to consumers of clothing, and in particular sportswear, in the UK and the remainder of the EU.
27. Mr McCall gave evidence that Nike have a history of using logos that incorporate words that have been shortened to their constituent consonants (he actually said “vowels”, but clearly meant consonants) or acronyms. These include abbreviated geographical identifiers such as NYC or JPN together with the Swoosh. Since Mr McCall said that this was done “so as to present an image relevant to a local audience”, it appears that Nike have not used any of these in the UK other than LDN. Even if they have, Mr McCall gave no details as to when or for how long or on what scale such use has been made. The same goes for Nike’s use of what Mr McCall called “other descriptive abbreviations” such as SB or AF1. Moreover, it transpires that Nike have applied to register AF1 as an EU trade mark.

28. What is most significant for present purposes is Nike's use of the abbreviation LDN for London. Mr McCall estimated that LDN had been used by Nike "for approximately 6-8 years". In particular, "for at least the last 3 years" the Nike London homepage had an image incorporating LDN, a plus sign and the Swoosh with the strap line "COME RUN WITH US. COME TRAIN WITH US." as the leading visual on the page, although it does not any longer and Mr McCall did not recall when this was taken down. Mr McCall said that it had also been used as part of an installation in Nike Town on Oxford Street "from 2015", the installation in question featuring the Nike Ordem ball LDN edition, and on product, namely the Ordem ball and a pair of Nike Air trainers with "L D N" on the heel below NIKE and the Swoosh. No dates or sales figures were given by Mr McCall for sales of the ball or the trainers, however. One of the exhibits to Mr McCall's third witness statement includes a number of other images of use by Nike of LDN, but mostly without any explanation or supporting details such as dates. One image shows two pillars in an unidentified Nike store emblazoned with the Swoosh, the words WE RUN LDN and the date 21/06/15.

Abbreviations in contemporary language

29. As will be clear from what I have already said, this is a case about abbreviations. It is an important plank of Nike's case that contemporary consumers in the UK, in particular younger consumers and most particularly those aged 16-24, are in the habit of writing and reading abbreviations in digital forms of communication such as texts, messages, tweets and Instagram posts, and in particular abbreviations in which vowels are omitted from words. I entirely accept this. As Nike's own evidence and submissions demonstrate, however, such abbreviations can be used and understood because the context makes the intended meaning clear.
30. By way of illustration of this point at this stage, although I will expand on it below, I will take the first example quoted in Nike's skeleton argument, which is said to be "a typical example of [the use] of LDNR". This is a tweet from 1000 Londoners (a project which aims to create a digital portrait of London through 1000 people who identify themselves with it) on 23 April 2015:

"Q: Where would you take someone visiting from outside London? A: @WallaceMuseum Great choice from today's new LDNR"

In this example, the fact that the intended meaning of LDNR is Londoner is very clear from (i) the name and nature of the user, (ii) the fact that the question relates to London, (iii) the fact that the Wallace Museum is a visitor attraction in London and (iv) the syntax of the answer.

LDN

31. It is common ground that, as at 11 January 2018, LDN was a recognised abbreviation for London. There were entries in both Wikipedia and the Urban Dictionary which explained this. Paragraphs 6 to 27 of Nike's Amended Defence list a series of examples of use of LDN to mean London. Two prominent ones are that BBC London was for several years branded BBC LDN (although that is no longer the case), and that in 2006 the singer Lily Allen released a song called LDN which reached the top 10 and the video for which has had over 18 million views on YouTube. Nike have

also produced evidence to show that the abbreviation was in common use in social media, including in the form of the hashtag #LDN.

The genesis of the Campaign

32. Although in my view it is of little relevance to most of the issues, quite a lot of Mr McCall's written and oral evidence was devoted to the genesis of the Campaign. It turned out that, although Mr McCall had overall responsibility for it, he did not have first-hand knowledge of some of the events. This does not matter, however, since the story is fairly clear from the documentary evidence.
33. In November 2016 Nike commenced work on a new London City marketing initiative, the purpose of which was to engage with London consumers in order to make Nike products more relevant and desirable to them. In particular, Nike wanted to make the Nike brand more accessible to 16-24 year olds in London.
34. The key individuals at Nike who were involved in and responsible for the Campaign were:
 - i) Mr McCall.
 - ii) Ruth Hooper, who led the Campaign from a marketing perspective under Mr McCall's overall supervision. She left Nike at the beginning of April 2018 to pursue other interests.
 - iii) Philip Jacobson, Senior Brand Communications Director, who managed Nike's relationship with Wieden & Kennedy ("W&K"), an advertising agency that supported Nike on the project.
 - iv) Jean-Luc Bragard, Brand Communication Manager.
 - v) Andy Walker, Brand Design, who was responsible for the look and feel of all marketing activities.
35. From its inception, the focus of the Campaign was London and young Londoners. A brief written by Mr McCall in late November 2016 begins:

"LONDON UNITED.

AN IDEA ON HOW TO SHARPEN OUR EDGE AS BRAND
WITH AND FOR LONDON LIKE NEVER BEFORE".

36. A later version of this brief begins:

"ONE LDN. ONE NIKE

SHARPEN OUR EDGE AS BRAND WITH AND FOR
LONDON LIKE NEVER BEFORE".

This version of the brief also uses the abbreviation LDN on three other pages.

37. Ms Hooper started developing the November 2016 brief in January 2017. The initial phase of work involved research into young Londoners that Nike commissioned W&K and OnRoad (a small insights agency) to undertake. This focussed on understanding “what it means to be a Londoner”, with the research team conducting 11 interviews with 14-18 year olds across the city. The research identified “a unique opportunity for Nike” arising out of the finding that, for young Londoners, “sport is where they strengthen their self-belief and nourish themselves”. Surprisingly, it was found, young Londoners had an attitude like that of elite athletes.
38. On 30 January 2017 there was a presentation by W&K entitled “I am a Londoner” on the basis of the research. After summarising the research findings, the presentation asked “WHERE DOES NIKE FIT IN?” and concluded “IT’S TIME FOR NIKE TO CELEBRATE THEIR LONDON SWAGGER.”
39. In late January and early February 2017 W&K created a London mood film. Nike rely on two emails sent during the production process. On 20 January 2017 Sophie Lake (an account manager at W&K) sent Mr Bragard, Mr Jacobson and others a treatment for the film together with a file entitled “Nike LDNR Timings”. On 1 February 2017 Emma Fasson (a freelance TV producer working for W&K who was not otherwise involved in the Campaign) emailed a link to an edit of the film to her colleagues at W&K, including Ms Lake, under the subject line “Nike LDNR edit”. It is clear that both women were using LDNR to mean Londoner.
40. In March 2017 Mr Jacobson prepared a creative brief for W&K headed “WIN BACK LONDON YOUTH” centred on the proposition “MAKE YOUNG LONDONERS FEEL UNTOUCHABLE IN SPORT SO THEY FEEL UNTOUCHABLE IN LIFE”.
41. On 23 March 2017 there was a presentation by W&K. The first slide in the presentation, and a number of other slides, featured the Swoosh and the word London superimposed on an image of London. One of the ideas presented by W&K was “London Unknown”. This was well received, and on 26 April 2017 there was another presentation. This presentation included two slides with the following text:

“WAY IN:

IN A CITY BURSTING WITH SO MANY TALENTED
KNOWN, FEW IN THE WORLD COULD STAY SO
CONFIDENTLY OPTIMISTIC.

LET’S CHAMPION THE SWAGGER AND
UNBREAKABLE SPIRIT OF YOUNG LONDON
UNKNOWN’S.

BECAUSE THE TRUTH IS...

NIKE’S POV [POINT OF VIEW]:

NOTHING BEATS A LONDONER”

This was the origin of the “Nothing beats a Londoner” theme of the Campaign.

42. On 28 April 2017 Mr Jacobson sent a follow-up email suggesting that the whole concept should be called “Nothing Beats a Londoner” and that:
- “The more London the better, as Ruth said it doesn’t need London in line, but it might be language that is more colloquial / of London.”
43. After some intervening meetings, there was a meeting between Nike and W&K on 24 May 2017 at which there was another presentation by W&K entitled “Unknown”. It appears that it was during this meeting that the use of LDNR was first proposed. On 26 May 2016 Ryan Fisher, Group Account Director at W&K, sent a follow-up email in which, under the heading “To Do”, he said, among other things:
- “What is our CTA [Call to Action], sign off, ask of the Unknowns? We had some good discussions around LDN swoosh, LDNR swoosh, London swoosh – we need to further define where we go with this and how it lives in the world.”
44. Mock-ups of logos which included LDNR with the Swoosh were created by W&K on 5 June 2017 and included in a presentation made to two senior Nike executives at a meeting on 6 June 2017. The senior executives were positive about the proposed campaign, and so work continued.
45. Mr McCall’s unchallenged evidence was that, so far as he was aware having made enquiries, no-one working on the project at this time, or before Nike first considered using LDNR, knew of Frank.
46. There were numerous presentations and meetings following this meeting, but it is not necessary for present purposes to go into these.

Nike’s trade mark search

47. Nike have admitted that they carried out a trade mark search on 6 July 2017 and found the Trade Marks. Nike have claimed privilege in respect of the search itself and any legal advice which may have been given as a result of it.

Elements of the Campaign

48. The main elements of the Campaign were as follows.
49. *Nike LDNR award.* Nike presented a Nike LDNR award to 58 young people who had made a positive difference to London’s sporting communities. The award consisted of a T-shirt bearing the Lock-Up and a written manifesto that would act as a certificate. 25 of the award winners featured in the Film referred to below.
50. *Social media.* References to the Campaign were seeded in social media during January and February 2018. Each of the 25 individuals who had received the Nike award and appeared in the Film posted their own photographs and videos on their social media channels with hashtags which in some cases included #LDNR and/or #Nike. The first picture was posted on Instagram by TJ Burnett of himself wearing one of the T-Shirts at the NBA All Star Game at the O2 in London on 11 January 2018. In addition, a number of Nike’s brand ambassadors posted photographs of

themselves on their own social media pages wearing the T-Shirts. For example, AJ Tracey (a rapper, MC and record producer) posted a photograph of himself at Wembley Stadium wearing one of the T-shirts (with the Lock-up visible) and a tracksuit on 13 January 2018 with the accompanying text “Tracksuits, footy & rain. I’m a #LDNR”. Nike also promoted the Campaign on Instagram and Twitter.

51. *The Film*. Nike produced a three minute and eight second film featuring a number of Nike LDNR award winners and brand ambassadors (“the Film”). The Film includes a number of celebrities associated with London (including the musician Skepta and the footballers Harry Kane of Tottenham Hotspur and Eden Hazard of Chelsea); it is replete with pictures of, or references to, London locations (such as Peckham, the Thames, Wembley Stadium and Docklands), London transport (a London taxi and the Underground) and sports in London; and the soundtrack features music by artists associated with London (including Skepta). Many people in the Film can be seen to be wearing Nike clothing and shoes. At 2:45 to 2:49 three screens show the words “NOTHING/BEATS/A LONDONER”. At 2:53 a screen is shown with the Lock-up. At 2:55 Skepta is shown wearing a T-shirt with the Lock-up visible riding a London hire cycle. At 2:58 to 3:08 the Film concludes with a screen captioned:

“SHOW YOU’RE A LDNR

NIKE.COM/LONDON”.

52. The Film was released on 9 February 2018. It was posted by Nike on YouTube under the title “NOTHING BEATS A LONDONER – Nike ad” and released through Nike media channels. Prior to being removed from YouTube as a result of the injunction, the Film received nearly 9 million views. There is no evidence as to how many of those viewing it were located in the UK. The Film was played during the advertisements in certain cinemas around London, and shown on terrestrial and non-terrestrial television during February 2018 in advertisement breaks during major sporting and cultural events which were of significance to Londoners aged 16-24 years, including *The Voice*. There is no evidence as to how many times it was shown or what the viewing figures were, however.
53. *Half-term events*. Nike organised a number of events in London during the half-term from 9 to 18 February 2018, creating about 10,000 opportunities for young Londoners to play sport that week. Attendees at these events received a free goodie bag in a Nike drawstring bag bearing the NBAL Lock-up. A total of 2000 such goodie bags were given away.
54. *X Box*. The Campaign included a paid media partnership with X-Box where the Film was advertised on X-Box and, if an X-Box user watched the Film in its entirety, they could create a Nike avatar to play games.
55. *Nike stores*. Windows displays were erected in five Nike stores in London featuring the NBAL Lock-up and screens showing of the Film.
56. *Nike website pages and app*. The NikePlus page of the Nike UK website located at www.nike.com/gb/en_gb displayed both the NBAL Lock-up and NOTHING BEATS A LDNR in plain text (together with some text about London) with a button to click to “GET THE LOOK” and links to details of the half-term events. The evidence does

not show exactly what clicking on “GET THE LOOK” led to, but clearly it will have included listings of clothing for sale. The NikeWomen page of the website was similar, except that there was a button with the NBAL Lock-up instead of one labelled “GET THE LOOK”. It appears that clicking on the button led to a page listing items of clothing (and shoes) for sale under the heading “NOTHING BEATS A LDNR”. The Nike iPhone app was similar, as described in more detail below.

57. *Premier League Football matches.* Nike placed advertising at two Premier League football games, including the North London Derby between Tottenham Hotspur and Arsenal. This consisted of the Lock-up.
58. *Google adverts.* Nike placed Google keyword adverts as described in more detail below.
59. *T-shirts.* No goods bearing LDNR were sold or offered for sale by Nike. The only clothing supplied bearing LDNR were approximately 130 T-shirts bearing the Lock-up which were given to Nike LDNR award winners and Nike brand ambassadors as described above. 65 of these T-shirts bore ® symbols next to both LDNR and the Swoosh. Mr McCall explained that, somewhat surprisingly, this was due to a mistake on Mr Walker’s part. One of these T-shirts with ® symbols was given to, and worn by, Sir Mo Farah, as is just visible in the photograph below.



Key legislative provisions

60. European Parliament and Council Directive 2015/2436/EU of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast) (“the Directive”) includes the following provisions:

“Article 4

Absolute grounds for refusal or invalidity

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:
 - ...
 - (b) trade marks which are devoid of any distinctive character;

- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services;

...

- 4. A trade mark shall not be refused registration in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration, following the use which has been made of it, it has acquired a distinctive character. A trade mark shall not be declared invalid for the same reasons if, before the date of application for a declaration of invalidity, following the use which has been made of it, it has acquired a distinctive character.
- 5. Any Member State may provide that paragraph 4 is also to apply where the distinctive character was acquired after the date of application for registration but before the date of registration.

Article 10

Rights conferred by a trade mark

- 1. The registration of a trade mark shall confer on the proprietor exclusive rights therein.
- 2. 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:

...

- (b) the sign is identical with, or similar to, the trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the trade mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
- (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.

Article 14

Limitation of the effects of a trade mark

1. A trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:

...

(b) 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 the service, or other characteristics of goods or services;

...

2. Paragraph 1 shall only apply where the use made by the third party is in accordance with honest practices in industrial or commercial matters.”

61. These provisions are implemented in the UK by sections 3(1)(b),(c), 10(2), (3), 11(2)(b) and 47(1) of the Trade Marks Act 1994. Parallel provisions are contained in Articles 7(1)(b),(c),(3), 9(2)(b),(c), 14(1)(b),(2) and 58(1),(2) of European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 on the European Union trade mark (codification) (“the Regulation”).

Relevant dates for assessment

62. It is common ground that the validity of the Trade Marks must be assessed as at 19 February 2015 (the UK Trade Mark) and 10 March 2016 (the International (EU) Trade Mark), except that Frank’s claim to acquired distinctiveness must be assessed as at 26 March 2018 (the date of Nike’s counterclaim).

63. Subject to one point, it is also common ground that Frank’s infringement and passing off claims must be assessed as at 11 January 2018, the commencement of the Campaign. Counsel for Nike submitted, however, that, in so far as subsequent uses involved different contexts, then each such use should be assessed as of the date of that use. I do not accept that submission. All of the uses complained of formed part of a single program of activity involving use of LDNR in a variety of contexts which commenced on 11 January 2018.

The average consumer

64. The concept of the average consumer was recently considered again by the Court of Appeal in *London Taxi Corporation Ltd v Frazer-Nash Research Ltd* [2017] EWCA Civ 1729, [2018] ETMR 7, where Floyd LJ reiterated at [31] that “the notion of an

average consumer requires the court to consider any relevant class of consumer, and not to average them”. It is common ground that the average consumer in the present case is a purchaser of clothing, and in particular ladies’ sportswear, who is a member of the general public. Counsel for Frank submitted that the average consumer would exercise a moderate degree of care and attention. Counsel for Nike suggested a higher degree of care and attention given that Frank’s goods are premium products aimed at brand-conscious consumers. I consider that counsel for Frank was correct in submitting that a moderate degree of care and attention would be exercised given that the goods are everyday items, albeit in the case of Frank’s goods of a premium quality.

Validity of the Trade Marks

65. Although Nike contend that the Trade Marks were invalidly registered by virtue of both Article 4(1)(b) and (c) of the Directive and Article 7(1)(b) and (c) of the Regulation, Nike’s case is that the Trade Marks are inherently descriptive. As I understand it, Nike rely upon Article 4(1)(b)/Article 7(1)(b) in case it is said that the stylised word which is one of the series of marks forming part of the UK Trade Mark is not exclusively descriptive. Given that, as noted above, the mark in question consists of LNDR in a plain font, I do not consider that it is necessary for Nike to resort to Article 4(1)(b)/Article 7(1)(b) if their case under Article 4(1)(c)/Article 7(1)(c) is a good one. Conversely, if Nike do not succeed under Article 4(1)(c)/Article 7(1)(c) in relation to the word marks, Article 4(1)(b)/Article 7(1)(b) adds nothing. Frank dispute that the Trade Marks are descriptive, but if necessary contends that they have acquired a distinctive character through use.

The law

66. *Article 4(1)(c) of the Directive/Article 7(1)(c) of the Regulation.* The principles to be applied under Article 4(1)(c)/Article 7(1)(c) were summarised by the Court of Justice of the European Union in Case C-51/10P *Agencja Wydawnicza Technopol sp. z o.o. v Office for Harmonisation in the Internal Market* [2011] ECR I-1541 as follows (citations omitted):

“33. A sign which, in relation to the goods or services for which its registration as a mark is applied for, has descriptive character for the purposes of Article 7(1)(c) of Regulation No 40/94 is – save where Article 7(3) applies – devoid of any distinctive character as regards those goods or services ...

36. ... due account must be taken of the objective pursued by Article 7(1)(c) of Regulation No 40/94. Each of the grounds for refusal listed in Article 7(1) must be interpreted in the light of the general interest underlying it

37. The general interest underlying Article 7(1)(c) of Regulation No 40/94 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services

38. With a view to ensuring that that objective of free use is fully met, the Court has stated that, in order for OHIM to refuse to register a sign on the basis of Article 7(1)(c) of Regulation No 40/94, it is not necessary that the sign in question actually be in use at the time of the application for registration in a way that is descriptive. It is sufficient that the sign could be used for such purposes
39. By the same token, the Court has stated that the application of that ground for refusal does not depend on there being a real, current or serious need to leave a sign or indication free and that it is therefore of no relevance to know the number of competitors who have an interest, or who might have an interest, in using the sign in question It is, furthermore, irrelevant whether there are other, more usual, signs than that at issue for designating the same characteristics of the goods or services referred to in the application for registration
- ...
46. As was pointed out in paragraph 33 above, the descriptive signs referred to in Article 7(1)(c) of Regulation No 40/94 are also devoid of any distinctive character for the purposes of Article 7(1)(b) of that regulation. Conversely, a sign may be devoid of distinctive character for the purposes of Article 7(1)(b) for reasons other than the fact that it may be descriptive
47. There is therefore a measure of overlap between the scope of Article 7(1)(b) of Regulation No 40/94 and the scope of Article 7(1)(c) of that regulation ..., Article 7(1)(b) being distinguished from Article 7(1)(c) in that it covers all the circumstances in which a sign is not capable of distinguishing the goods or services of one undertaking from those of other undertakings.
48. In those circumstances, it is important for the correct application of Article 7(1) of Regulation No 40/94 to ensure that the ground for refusal set out in Article 7(1)(c) of that regulation duly continues to be applied only to the situations specifically covered by that ground for refusal.
49. The situations specifically covered by Article 7(1)(c) of Regulation No 40/94 are those in which the sign in respect of which registration as a mark is sought is capable of designating a 'characteristic' of the goods or services referred to in the application. By using, in Article 7(1)(c) of Regulation No 40/94, the terms 'the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service', the legislature made it clear, first, that the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service must all be regarded as characteristics of goods or services and, secondly, that

that list is not exhaustive, since any other characteristics of goods or services may also be taken into account.

50. The fact that the legislature chose to use the word ‘characteristic’ highlights the fact that the signs referred to in Article 7(1)(c) of Regulation No 40/94 are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c) of Regulation No 40/94 only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics”
67. In addition, a sign is excluded from registration by Article 4(1)(c)/Article 7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned: see Case C-191/01 *Office for Harmonisation in the Internal Market v Wm Wrigley Jr Co* [2003] ECR I-12447 at [32] and Case C-363/99 *Koninklijke KPN Nederland BV v Benelux-Merkenbureau* [2004] ECR I-1619 at [97].
68. *Acquired distinctive character*. The following propositions are settled by the case law of the CJEU.
69. First, for a trade mark to possess distinctive character, it must serve to identify the goods or services in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish the goods or services from those of other undertakings.
70. Secondly, the distinctive character of a trade mark must be assessed by reference to (i) the goods or services in respect of which registration has been applied for and (ii) the perception of the average consumer of those goods or services, who is deemed to be reasonably well-informed and reasonably observant and circumspect.
71. Thirdly, the criteria for assessment of distinctive character are the same for all categories of trade marks, but nevertheless the perception of the relevant public is not the same for all categories of trade marks and it may therefore be more difficult to establish distinctive character in relation to some categories (such as shapes, colours, personal names, advertising slogans and surface treatments) than others.
72. Fourthly, in assessing whether a trade mark has acquired a distinctive character the competent authority must make an overall assessment of the relevant evidence, which in addition to the nature of the mark may include (i) the market share held by goods bearing the mark, (ii) how intensive, geographically widespread and long-standing the use of the mark has been, (iii) the amount invested by the proprietor in promoting the mark, (iv) the proportion of the relevant class of persons who, because of the mark, identify the goods or services as emanating from the proprietor, (v) evidence from trade and professional associations and (vi) (where the competent authority has particular difficulty in assessing the distinctive character) an opinion poll. If the relevant class of persons, or at least a significant proportion of them, identifies goods or services as originating from a particular undertaking because of the trade mark, it has acquired a distinctive character.

73. Fifthly, with regard to the acquisition of distinctive character through use, the identification by the relevant class of persons of the product or service as originating from a given undertaking must be as a result of the use of the mark as a trade mark. The expression “use of the mark as a trade mark” refers solely to use of the mark for the purposes of the identification, by the relevant class of persons, of the product as originating from a given undertaking.
74. Sixthly, a trade mark may acquire a distinctive character in consequence of the use of that mark as part of, or in conjunction with, another trade mark (which may itself be a registered trade mark).
75. Seventhly, it is not possible to state in general terms, for example by referring to predetermined percentages relating to the degree of recognition attained by the mark within the relevant section of the public, when a mark has acquired a distinctive character through use. Nor can the results of a consumer survey be the only decisive criterion to support the conclusion that a distinctive character has been acquired through use.
76. Eighthly, the trade mark applicant or proprietor must prove that the relevant class of persons perceive the goods or services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular company. It is not sufficient for the applicant or proprietor to show that a significant proportion of the relevant class of persons recognise and associate the mark with the applicant or proprietor’s goods.

Assessment

77. *Article 4(1)(c)/Article 7(1)(c)*. Nike contend that LNDR is inherently descriptive as an abbreviation meaning Londoner. Frank disputes that LNDR was perceived by the average consumer as meaning Londoner as at either 19 February 2015 or 10 March 2016, and disputes that it would have been understood to denote any characteristic of clothing even if it was so perceived.
78. Nike have been unable to point to any dictionary or other reference (even of an online variety, such as Wikipedia or the Urban Dictionary) which defined LNDR as Londoner at either date. Furthermore, although Nike describe LNDR as an abbreviation of Londoner, it is neither LONDONER with the vowels omitted nor LDN plus an R. Moreover, it is capable of being seen in an appropriate context as an abbreviation of either LAUNDER, LENDER or LANDER. Indeed, depending on the context, it is more likely, given the use of uppercase letters, that it would be seen as a set of initials (which could stand for almost anything e.g. to take a fictitious example based on my first reaction, Limehouse, Newham and Docklands Railway). Still further, as noted above, it was Ms Turner’s evidence that (a) her searches in February 2015 had turned up (almost) nothing and (b) even now people still ask her and her colleagues what LNDR means. Consistently with this, no objections to Frank’s applications to register the Trade Marks were raised by either the UKIPO or EUIPO under Article 4(1)(c)/7(1)(c).
79. Instead, Nike rely upon the results of searches of Instagram and Twitter. As to these:

- i) Annex 6 to Nike's Amended Defence and Counterclaim contains 70 posts on Instagram ranging in date from 24 July 2017 to 20 March 2018 featuring the hashtag #Indr. Although Annex 6 includes figures for the numbers of followers of the users in questions, which are mostly small, the figures relate to the date that the Annex was compiled and not the date the relevant post was published. Over half of the posts were made by just two users: 22 by skylevel98 and 19 by diary_of_a_indr (although the Annex gives the author of five of the latter as "london_callingxoxo" for no apparent reason). Ms Turner gave unchallenged evidence that the diary_of_a_indr account was created on 11 February 2018.
 - ii) Annex 7 to Nike's Amended Defence and Counterclaim contains 12 tweets on Twitter ranging in date from 27 July 2012 to 11 March 2018 featuring the hashtags #Indr or #LNDR. Again, the numbers of followers, which are all small, relate to the date of compilation of the Annex. One of the tweets duplicates an Instagram post included in Annex 6, and three other tweets are by the same user as that one.
 - iii) Exhibit JSM33 to Mr McCall's third witness statement is an image of the homepage on Instagram of diary_of_a_indr (i.e. the same user as the one referred in sub-paragraph (i) above). There is no date given for the image (apart from an internal date of 1 January 1970 which is obviously erroneous), but for the reason given above it must be after 11 February 2018.
 - iv) Exhibit JSM34 to Mr McCall's third witness statement contains seven tweets on Twitter ranging in date from 11 May 2016 to 12 February 2018 featuring one of the following: Lndrs, LNDrs or #ldn4all_indr. Again, the numbers of followers, which are all small, relate to the date of compilation of the exhibit. As Ms Turner pointed out, three of the tweets are from participants in a photography group called London 4 All, which meets to take photographs of London, in two sessions on 12 and 13 February 2018 using the session hashtag #ldn4all_indr.
 - v) Exhibit JSM35 to Mr McCall's third witness statement contains 40 posts on Instagram ranging in date from 12 February 2018 to 17 March 2018 mainly featuring #ldn4all_indr although there are three by one user featuring @Indr and one by another user featuring @Lndrs. As Ms Turner pointed out, most of these users were participating in the London 4 All sessions referred to in sub-paragraph (iv) above.
 - vi) Nike say that they have not exhibited all the results found by their searches on the ground that to do so would be disproportionate.
80. Nike contend that it can be seen from these posts and tweets that the users were using Indr and LNDR to mean Londoner and Lndrs and LNDrs to mean Londoners. I accept this, but subject to two important caveats: first, the usage is mainly in hashtag form (usually with other London-related hashtags); and secondly, the meaning is generally clear from the context – typically a photograph of a recognisable London landmark or feature (such as a London taxi or Tower Bridge) and/or captions referring to London or topics or activities relating to London.
81. Frank makes the following points about this evidence:

- i) The numbers of posts and tweets, and in particular the numbers prior to the relevant dates, are small. By comparison, Instagram has over 500 million daily active users worldwide, while Twitter has 100-160 million daily active users, and the hashtag #Londoner has been used 1.1 million times on Instagram.
 - ii) Not only do most of the posts and tweets post-date the relevant dates, but also many of them post-date the commencement of the Campaign, and therefore may have been influenced by it. Thus it is difficult to believe that it is a coincidence that diary_of_a_lndr was created, and London 4 All used the session tag @lnd4all_lndr a couple of days after the Film was released. By comparison, a search of Instagram for the hashtag #LNDR in the period 22 September 2017 to 13 January 2018 revealed a large number of posts relating to Frank's brand (typically photographs of people wearing Frank's clothing) and only a very few relating to anything else (and most of those relate to an Indonesian football team).
82. Counsel for Nike submitted that neither of these points was material, and that what mattered was that the evidence showed that the users in question had used lndr and LNDR to mean Londoner and evidently expected their followers to understand this. The fact that some of the evidence post-dated the relevant dates did not matter because nothing had changed which could have affected the user's behaviour. He also submitted that it was inherently probable that the examples Nike had found represented the tip of an iceberg because such uses were likely to be common in private messages which Nike were unable to search.
83. In my judgment the evidence relied upon by Nike establishes that, when used in an appropriate context in digital media, LNDR was capable of being used and understood, and was in fact used and understood by some consumers, to mean Londoner. I accept that it is probable that, even as at 19 February 2015, such usage was more frequent than the small numbers turned up by Nike's searches, although it is matter for speculation how frequent it was.
84. What Nike's evidence does not begin to establish is that LNDR would have been perceived by the average consumer as meaning Londoner when used in respect of clothing, for example on a swing ticket or label or embroidered on the chest of a T-shirt, in the absence of some context suggesting that meaning. In this regard, Nike's reliance upon Frank's explanations to its customers that LNDR meant Londoner is self-defeating: leaving aside the fact that this occurred after the first of the relevant dates, what this evidence shows is that, absent that explanation, LNDR used in relation to clothing was not understood in that way.
85. Still less does Nike's evidence establish that LNDR would have been perceived by the average consumer as denoting some characteristic of clothing. Indeed, it is a notable feature of Nike's skeleton argument that, despite asserting that LNDR is inherently descriptive, it does not identify what characteristic of clothing it is supposed to denote. Nor was this omission rectified by counsel for Nike in his oral submissions.
86. In my assessment, LNDR was inherently distinctive in relation to clothing as at the relevant dates, and indeed had a moderately strong distinctive character. Accordingly, I reject Nike's attack on the validity of the Trade Marks. It follows that it is not necessary for me to consider whether the Trade Marks had acquired a distinctive

character, but I shall nevertheless do so because it is relevant to Frank's infringement and passing off claims. For that reason, I will do so as at 11 January 2018 rather than 26 March 2018.

87. *Acquired distinctive character.* I have set out Frank's sales and advertising figures above and described the ways in which Frank promoted LNDR clothing. Given that I have concluded that LNDR had a moderately strong inherent distinctive character in relation to clothing, I do not consider that the scale and impact of Frank's use was sufficient to endow LNDR with an enhanced distinctive character. On the other hand, I do consider that it was sufficient to generate a protectable goodwill.

Infringement under Article 10(2)(b) of the Directive/Article 9(2)(b) of the Regulation

The law

88. In order to establish infringement under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive, six conditions must be satisfied: (i) there must be use of a sign by a third party within the relevant territory; (ii) the use must be in the course of trade; (iii) it must be without the consent of the proprietor of the trade mark; (iv) it must be of a sign which is at least similar to the trade mark; (v) it must be in relation to goods or services which are at least similar to those for which the trade mark is registered; and (vi) it must give rise to a likelihood of confusion on the part of the public. In the present case, there is no issue as to conditions (i)-(iv).
89. *Use in relation to goods or services.* The CJEU has held that use of a sign "in relation to" goods or services means use "for the purpose of distinguishing" the goods or services in question, that is to say, as a trade mark as such: see Case C-63/97 *Bayerische Motorenwerke AG v Deenik* [1999] ECR I-905 at [38], Case C-245/02 *Anheuser-Busch Inc v Budejovicky Budvar np* [2004] I-10989 at [64] and Case C-17/06 *Céline SARL v Céline SA* [2007] ECR I-7041 at [20]; and cf. Article 10(6) of the Directive and Case C-23/01 *Robelco NV v Robeco Groep NV* [2002] ECR I-10913 at [28]-[34].
90. It appears from the CJEU's judgment in Case 2/00 *Hölterhoff v Freiesleben* [2002] ECR I-4210, particularly when read in the light of its decision in Case C-206/01 *Arsenal Football Club v Reed* [2002] ECR I-10273, that purely descriptive use of a sign does not amount to use of a sign "in relation to" goods or services. On the other hand, it is clear from the decision of the CJEU in Case C-100/02 *Gerolsteiner Brunnen GmbH & Co v Putsch GmbH* [2004] ECR I-691 that a sign may be used in relation to goods or services even though it is an indication concerning a characteristic of the goods or services (in that case, their geographical origin). In other words, it is possible in some circumstances for a sign both to be descriptive and to function as a trade mark.
91. *Comparison of goods and services.* In considering whether goods and services are similar to each other, all relevant factors relating to the goods and services must be considered, including their nature, their intended uses, their method of use and whether they are in competition with each other or are complementary: see Case C-106/03 *Canon KKK v Metro Goldwyn Mayer Inc* [1998] ECR I-5507 at [23] in the corrected English translation.

92. *Likelihood of confusion.* The manner in which the requirement of a likelihood of confusion in Article 9(2)(b) of the Regulation and Article 10(2)(b) of the Directive, and the corresponding provisions concerning relative grounds of objection to registration in both the Directive and the Regulation, should be interpreted and applied has been considered by the CJEU in a large number of decisions. The Trade Marks Registry has adopted a standard summary of the principles established by these authorities for use in the registration context. The current version of this summary, which takes into account the point made by the Court of Appeal in *Maier v ASOS plc* [2015] EWCA Civ 220, [2015] Bus LR 1063 at [76], is as follows:

- “(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; and
- (k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.”

93. *Contextual assessment.* In determining whether there is a likelihood of confusion (and whether the use falls within Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive), the court must take into account the precise context in which the sign has been used: see Case C-533/06 *O2 Holdings Ltd v Hutchison 3G UK Ltd* [2008] ECR I-4231 at [64], and Case C-252/12 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [EU:C:2013:497], [2013] ETMR 46 at [45]. As Kitchin LJ (with whom Sir John Thomas PQBD and Black LJ agreed) put it in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24, [2012] FSR 19 at [87]:

“In my judgment the general position is now clear. In assessing the likelihood of confusion arising from the use of a sign the court must first consider the matter from the perspective of the average consumer of the goods and services in question and must take into account all the circumstances of that use that are likely to operate in that average consumer’s mind in considering the sign and the impression it is likely to make on him. The sign is not to be stripped of its context.”

Assessment

94. *The distinctive character of the Trade Marks.* I have considered this above.
95. *Comparison of the Trade Marks and the signs.* As noted above, there is no dispute that LDNR is similar to LNDR: the former is identical to the latter save that the middle two letters are transposed. Thus there is a high degree of visual and aural similarity. Those who perceive LDNR as meaning Londoner would be likely to perceive LNDR as meaning the same thing, and in that sense there is also a high degree of conceptual similarity. Those who do not perceive LDNR as meaning Londoner would be likely to regard both the mark and the sign as meaningless, and in that sense the conceptual comparison is neutral. In my view it is plain that that the two are confusingly similar: it is obvious that the average consumer would be likely to misread and/or mistype and/or mishear and/or misspeak one for the other from time to time.
96. Frank contends that LDNR plays an independent distinctive role in the devices complained of, or at least is a distinctive component of them. This contention depends on how LDNR would be perceived in context. It is essentially the flipside of Nike’s contention that LDNR would be perceived as being purely descriptive, which I will consider below.

97. *Comparison of goods and services.* There is no dispute that, if and in so far as Nike have used the signs complained of in relation to clothing, then clothing is identical to goods for which the Trade Marks are registered. There is a subsidiary claim by Frank in relation to services supplied by Nike in connection with the half-term events, such as dance, tennis, swimming and skating sessions. The evidence in relation to these events is exiguous, but it appears that what Nike did was to arrange for the sessions to be available and to fund them; Nike did not provide the facilities or any staff. Nike contend that these services are not similar to any of the goods in Class 25 for which the Trade Marks are registered and which are relied upon by Frank for the purposes of its claim. I agree with this.
98. *Use in relation to clothing.* The principal issue with respect to infringement is whether Nike have used any of the signs complained of in relation to clothing. Nike contend that (i) throughout the Campaign, the origin of the goods being advertised was made clear by the use of the famous Nike Trade Marks, and in particular the Swoosh, and (ii) viewed in the contexts in which the signs complained of were used, the average consumer would perceive LDNR as meaning Londoner and not as referring to the origin of the goods. If Nike are right, it would follow that the average consumer would not be likely to be confused as to the origin of the goods by the signs complained of.
99. So far as point (i) is concerned, Frank does not dispute that the average consumer will have appreciated that the Campaign was a Nike campaign or that the average consumer would recognise the Nike Trade Marks, and in particular the Swoosh. Frank contends, however, that does not preclude the possibility, and indeed likelihood, that the average consumer would think that the signs indicated a collaboration or tie-up of some kind between Frank and Nike.
100. As for point (ii), Frank disputes that the average consumer would perceive LDNR as meaning Londoner in any of the contexts in which the signs complained of were used. In the alternative, Frank contends that some consumers would think it referred to Frank as well as meaning Londoner.
101. As with LNDR, Nike have been unable to point to any dictionary or other reference (even of an online variety, such as Wikipedia or the Urban Dictionary) which defined LDNR as meaning Londoner as at 11 January 2018. Furthermore, although Nike describe LDNR as an abbreviation of Londoner, it is not LONDONER with the vowels omitted. On the other hand, it can be seen as LDN plus an R. As with LNDR, however, it is likely, depending on context, to be seen as a set of initials (e.g. to take a real example from outside the UK, Louisiana Deartment of Natural Resources).
102. As with LNDR, Nike rely upon the results of searches of Instagram and Twitter. Nike also rely upon the results of searches of websites. As to these:
- i) Annex 2 to Nike's Amended Defence contains screenshots captured on various dates in January to March 2018 of a number of websites. The first is a blog entitled The LDNR located at theIndr.wordpress.com which appears to have been published from 27 July 2013 to 8 December 2013 and which described itself as "A guide to London's best bars, clubs and restaurants through the eyes of an adventurous Ldnr". There is no evidence as to how many page views the blog has received.

- ii) The second is a website called PROUD LDNR located at www.prouldnr.com which was set up in 2015 by the individual behind the blog, Derrick Plahar, and which is an online supplier of casual clothing branded Ldnr. (i.e. including a stop) and LDNR. The website also promotes its products by posts on Instagram using the hashtag #LDNR (among others). There is no evidence as to how many page views the website has received, but a Facebook post by Proud Ldnr dated 31 January 2018 states that “all our releases are limited edition in small quantities”. Mr Plahar owns a trade mark registration for Ldnr which Frank has applied to invalidate.
- iii) The third is a website called LDNR located at www.eyesrespect.com operated by Foresight & Vision which supplies eyewear branded LDNR. The website describes the LDNR brand in terms that make it plain that it stands for Londoner e.g. saying it is “proud to be LDNR”. The brand has also been promoted on Twitter and Facebook. One of the tweets is of an image which reproduces the description of the brand from the website accompanied by the words “LDNR – LonDoNeR” and “Born in London”. There is no evidence as to how long the website has been operational, how many page views it has received or what quantity of eyewear it has sold.
- iv) The fourth is an Eventbrite listing for TBN x LNDR, a writing workshop organised for Londoners in October 2017 and funded by the Arts Council England. There is no evidence as to how many attended.
- v) The fifth is a website called London On The Inside located at londontheinside.com, which uses the abbreviation LDNER. Nike rely upon a linked post on a Hoxton Radio website dated 12 January 2015 which used LDNR instead.
- vi) Annex 3 to Nike’s Amended Defence contains 623 posts on Instagram ranging in date from 20 April 2013 to 20 March 2018 featuring the hashtag #ldnr, of which 122 pre-date 11 January 2018. A few of these are posts by the clothing and eyewear suppliers referred to above. Although Annex 3 includes figures for the numbers of followers of the users in questions, which are mostly small, the figures relate to the date that the Annex was compiled and not the date the relevant post was published.
- vii) Annex 4 to Nike’s Amended Defence contains 89 tweets on Twitter ranging in date from 13 April 2014 to 20 March 2018 featuring the hashtags #ldnr or #LDNR, of which 28 pre-date 11 January 2018. A few of these are tweets by the clothing and eyewear suppliers referred to above. Although Annex 4 includes figures for the numbers of followers of the users in questions, which are mostly small, the figures relate to the date that the Annex was compiled and not the date the relevant post was published.
- viii) Exhibit JSM29 to Mr McCall’s third witness statement contains three tweets by “ldnr. The London app” dated 17 March 2014, three tweets by Life loving Londoner using the handle @LifeLovingLDNR dated 2 April 2014 and a tweet by “Lndrs” using the handle @HelloLdnrs dated 8 March 2018.

- ix) Exhibit JSM30 to Mr McCall's third witness statement contains 121 tweets on Twitter ranging in date from 18 October 2016 to 7 March 2018 featuring one of the following: LNDrs, Lndrs, Ldnr, LDNRs, LDNR or LDNRS or a corresponding hashtag. Some of these are by users mentioned above, such as ldnr_eyewear. Again, the numbers of followers, which are mostly small, relate to the date of compilation of the exhibit. As counsel for Frank pointed out, in a case where the numbers are not small, there is an unexplained discrepancy: a tweet by London On The Inside dated 29 July 2015 is accompanied by the statement that this user had 266,754 followers whereas a tweet by the same user dated 20 October 2015 is accompanied by the statement that the user had 137,387 followers. Accordingly, I cannot regard these figures as reliable.
 - x) Exhibit JSM31 to Mr McCall's third witness statement contains 190 posts on Instagram ranging in date from 13 March 2017 to 3 April 2018 featuring ldnr, ldnr, LDNR, Ldnrs, LDNRs or a corresponding hashtag. Some of these are by users mentioned above, such as ldnr.biz, which is the eyewear brand again, and proudldnr. No less than 142 of the posts are by one user, namely "ldnr". It can be seen that this is the same individual as the third user referred to in subparagraph (viii) above. Again, the numbers of followers, which are all small, relate to the date of compilation of the exhibit.
 - xi) Again Nike say that they have not exhibited all the results found by their searches on the ground that to do so would be disproportionate
103. Nike contend that it can be seen from these posts and tweets that the users were using ldnr and LDNR to mean Londoner and Ldnrs, LDNRs and LDNRs to mean Londoners. I accept this, but subject to the important caveat that the meaning is generally clear from the context – typically a photograph of a London landmark or feature and/or captions referring to London or London-related events or topics. I would add that some of the usage is in hashtag form (usually with other London-related hashtags).
104. Frank makes similar points in relation to these materials as it makes in relation to the LDNR materials relied on by Nike (see paragraph 81 above). Counsel for Nike made the same submissions in response (see paragraph 82 above).
105. Counsel for Nike accepted that, in the case of the clothing and eyewear suppliers referred to in sub-paragraphs 102(ii) and (iii) above, LDNR was being used both as an abbreviation for Londoner and as a trade mark for the goods in question. He also accepted that LDNR was capable of being understood in both ways when used by Nike, but disputed that it would have been understood in the second way in context.
106. The conclusion I draw from the evidence as a whole is that, as at 11 January 2018, LDNR was not an established or recognised abbreviation in the way that LDN was. Nevertheless, when used in an appropriate context in digital media, LDNR was capable of being used and understood, and was in fact used and understood by some consumers, to mean Londoner. I accept that it is probable that such usage was more frequent than the numbers turned up by Nike's searches, although it is matter for speculation how frequent it was. In addition to being used and understood to mean Londoner, LDNR was capable of being used and understood in an appropriate

context, and was in fact used by some traders and understood by some consumers, as a brand name for goods.

107. It follows that I agree with counsel for Nike that it is important to consider the context(s) in which each of the signs complained of was used with care. As explained above, I propose to consider a representative selection:
- i) Frank's strongest case is the use of the Lock-up on the T-shirts. In this instance, there is no context to inform a consumer seeing one of the recipients wearing a T-shirt of the meaning of LDNR except that, in all probability, the persons in question would be in London. In my judgment, some consumers would perceive LDNR to mean Londoner in this context, but some would not. Moreover, of those who perceived LDNR to mean Londoner, some would perceive it also to be being used as a brand name. This is particularly true in the case of the T-shirts bearing ® symbols.
 - ii) It is convenient next to consider the images of recipients of T-shirts which were posted on social media, such as the images of TJ Burnett and AJ Tracey referred to in paragraph 50 above. All of the images to which my attention was drawn have some context in form of captions referring to London or being Londoner or both (as in the case of the AT Tracey post). The images are likely to have had more impact on viewers than the captions, however. Mr Cliff's evidence was that he had not noticed AJ Tracey's caption "I'm a #LDNR" when he was talking to Mr Brees. I do not find that surprising, nor do I think that Mr Cliff was untypical in that respect. In my judgment, some consumers would perceive LDNR to mean Londoner in this context, but some would not. Mr Cliff is representative of the latter group. Moreover, of those who perceived LDNR to mean Londoner, some would perceive it also to be being used as a brand name.
 - iii) I turn next to the advertising at football matches (paragraph 57 above). This comprised the Lock-up on pitchside barriers and as part of the background wallpaper when the Arsenal manager Arsène Wenger was being interviewed for BT Sport. In neither of these cases was there any context other the fact that the matches involved London clubs and took place in London. The presence of the Swoosh would suffice to make the average consumer realise that these were Nike advertisements, and by inference advertisements for (among other things) Nike clothing. In my judgment, some consumers would perceive LDNR to mean Londoner in this context, but some would not. Moreover, of those who perceived LDNR to mean Londoner, some would perceive it also to be being used as a brand name.
 - iv) Perhaps the most important form of use is the Film (paragraphs 51-52 above). Counsel for Nike submitted, and I accept, that it would be apparent to the average consumer (a) that this is about Londoners and (b) it is an advertisement for Nike, and in particular Nike clothing. The question which remains is how the average consumer would perceive LDNR in the context of the Lock-up on the T-shirt worn by Skepta at 2:55 and in the context of the final screen at 2:58 to 3:08. In my judgment, some consumers would perceive LDNR to mean Londoner in this context, but some would not. Ms Chambers and Ms Kazakevica are representative of the latter group. Moreover, of those

who perceived LDNR to mean Londoner, some would perceive it also to be being used as a brand name.

- v) Next I will consider the display of the NBAL Lock-up in the window of the Niketown store on Oxford Street in London (paragraph 55 above). Although the Film was screened in an adjacent window, many passers-by will not have stopped to watch that. For most passers-by, therefore, the only context was that provided by the location. Given the disjunction between the script on the one hand and LDNR and the Swoosh on the other hand, and without the context provided in, say, the Film, I do not consider that it would be obvious to all consumers how the NBAL Lock-up was meant to be read. In my judgment, some consumers would perceive LDNR to mean Londoner in this context, but some would not. Moreover, of those who perceived LDNR to mean Londoner, some would perceive it also to be being used as a brand name.
- vi) Next I will consider the iPhone app (paragraph 56 above). Leaving aside uses of the Lock-up in relation to half-term events, this includes three uses. The home page is headed:

“You set the trends. The worlds [sic] follows.

LDNR: STYLE FOR THE CITY”

Under this, there is an NBAL Lock-up on top of photographs of Sir Mo Farah wearing a plain Nike T-shirt and another person wearing what I presume is Nike clothing. Beneath this a button marked “SHOP THE COLLECTION”. This takes the user to pages offering Nike clothing and shoes for sale under the heading “MENS NOTHING BEATS A LONDONER”. My assessment is the same. In my judgment, some consumers would perceive LDNR to mean Londoner in this context, but some would not. Moreover, of those who perceived LDNR to mean Londoner, some would perceive it also to be being used as a brand name. Although the Nike website pages (also paragraph 56 above) differ in detail from the app, they are similar and my conclusions are the same.

- vii) Lastly, I will consider the Google advert (paragraph 58 above). This read as follows:

“Nike LDNR | Nothing Beats a Londoner | nike.com

[Ad] www.nike.com/London

Check Out The Film & Get Ready To Represent Your City. Sign Up & Join The Events. Free Fast Delivery. Shop On The Nike App. 30-Day Free Returns. Gift Cards. Official Online Store. 10% Student Discount. Gift Shop. Types: Shoes, Tops, Tracksuits, Hoodies, Tights, Shorts, Backpacks.”

My assessment is the same. In my judgment, some consumers would perceive LDNR to mean Londoner in this context, but some would not. Moreover, of

those who perceived LDNR to mean Londoner, some would perceive it also to be being used as a brand name.

108. Accordingly, I conclude that Nike did use LDNR “in relation to” clothing. Furthermore, I conclude that LDNR plays an independent distinctive role in, or at the very least is a distinctive component of, each of the devices complained of. These conclusions are reinforced by the evidence of actual confusion considered below.
109. *Has there been actual confusion?* Frank contends that there is evidence of actual confusion on the part of consumers. Nike disputes that the evidence shows that the average consumer would be confused.
110. Mr Cliff has a friend Katie Payne who works for Frank, and was aware of LDNR as a sportswear brand in that way although he had not purchased any. On 14 January 2018 Mr Cliff was talking to Ms Payne’s partner Alex Brees on the phone while scrolling through Instagram. He saw the post by AJ Tracey referred to in paragraph 50 above. He said something to Mr Brees along the lines “Wow, Katie’s brand is doing something with Nike” and explained that he had seen an image on Instagram. Mr Brees replied that he didn’t think LDNR was, so Mr Cliff asked him to check and sent the image on WhatsApp. Mr Brees or Ms Payne replied “Did you think it was LDNR?”. Mr Cliff replied that he had and that he thought LDNR had “done a collab[oration] with Nike”.
111. Ms Chambers has a cousin Sophane Grey who works for Frank and has acquired a couple of pairs of LDNR leggings. On 17 February 2018 Ms Chambers was watching *The Voice* on television and saw the Film. She had been told in advance about the Film by her husband, who said he thought he had seen their daughter’s football coach in it. Ms Chambers watched the Film carefully, looking for the coach. She saw what she thought was LDNR, and thought that Ms Grey’s company was doing a tie-up with Nike. She was surprised that Ms Grey had not mentioned this to her. Later that evening she sent a text to Ms Grey asking whether her company was linked up with Nike. Ms Grey replied that it was not and was in fact in a legal dispute with Nike. Subsequently Ms Grey told Ms Chambers that Nike were using LDNR, not LDNR. Ms Chambers had not noticed the difference.
112. Ms Kazakevica is a designer jeans brand manager and works in Harrods. She and work colleague Inole Crockart both know Sarah Scott-Hunter of Frank, and has tried on some LDNR clothes although she has not yet purchased any. In early March 2018 she saw a Nike television advert. It is not clear whether this was the full Film or a shortened version. She saw what she thought was LDNR, and thought that the advert was a collaboration between Nike and LDNR. She mentioned this to Ms Crockart, who told her that there was a legal dispute between Frank and Nike. As a result, she learnt that Nike were using LDNR, not LDNR. Ms Kazakevica had not noticed the difference.
113. Counsel for Nike submitted that Mr Cliff and Ms Chambers were atypical consumers both because of their personal connections with Frank and because they had not been paying a normal level of attention at the relevant times. He also suggested that they had not been deceived by the signs complained of, but had merely wondered if there was a connection. He submitted that no weight should be given to the evidence of Ms Kazakevica since she was not available for cross-examination. I do not accept these

submissions. The only relevance of these witnesses' personal connections with Frank is that it was through those connections that Frank became aware of their reactions and was able to adduce their evidence. Ms Chambers paid close attention to the Film, albeit for an unusual reason. Although Mr Cliff was speaking on the phone, there is no reason to think that he gave his Instagram feed any less attention than young people typically do. Given that there was no material difference between the written and oral evidence of Mr Cliff and Ms Chambers, I see no reason to think that cross-examination would have made any difference to Ms Kazakevica's evidence. I do not accept that it is an accurate characterisation of the witnesses' evidence that they merely wondered if there was a connection between Frank and Nike: all three formed the impression that there either was or might be a collaboration or tie-up between the two.

114. Ms Turner gave evidence, which was mainly hearsay, about similar comments which had made to her or other people by about 15 other consumers. Given the largely hearsay and vague nature of this evidence, I place little weight on it. It does, however, support the conclusion which I would in any event draw that the reactions of Mr Cliff, Ms Chambers and Ms Kazakevica are not atypical or unrepresentative of the reactions of consumers who live in London, are familiar with LNDR and have been exposed to one or more of the signs complained of.
115. In addition to the direct evidence of confusion, Frank relies upon indirect evidence. In the first three to four days after the launch of the Film, the daily traffic to Frank's website almost doubled and the number of male visitors increased even though Frank did not then offer men's clothing. It is difficult to see what other explanation there is of this other than people visiting the website because they were searching for LDNR clothing and mistook LNDR for LDNR. In addition, there was a significant spike in searches on Google for term LNDR at the time of the Campaign. It is likely that this is because they had seen the Film, or some other element of the Campaign, and searched for LDNR, but mistyped it. This does not prove that such consumers interpreted LDNR as a brand name, but it confirms, if confirmation were needed, that LDNR is confusingly similar to LNDR.
116. Against this, Nike rely upon a video of one of the LDNR award winners, a broadcaster and DJ called Swarzy, receiving her award which, Nike contend, shows her spontaneously interpreting LDNR as Londoner. As counsel for Frank pointed out, however, there is no evidence from Swarzy, and it is impossible to tell from the video what the circumstances were, and in particular what Swarzy had been told prior to receiving the award. In any event, even if it is the case that Swarzy interpreted LDNR as meaning, and meaning only, Londoner without any prompting, that does not begin to prove that other consumers would not react in the way that Mr Cliff, Ms Chambers and Ms Kazakevica did.
117. *Overall assessment.* The distinctive character of the Trade Marks, the close and confusing similarity between the Trade Marks and LDNR, the identity of the goods and the moderate degree of attention paid by the average consumer all points towards a likelihood of confusion.
118. Nike's defence to the claim rests upon two linked points. First, the admitted facts that the Nike Trade Marks are very well-known and that the average consumer would therefore appreciate that all the uses of the signs complained of constitute

advertisements for Nike clothing (and shoes). Frank contends that this does not exclude the likelihood of some consumers thinking that the presence of LDNR in the signs complained of is indicative of some form of collaboration or tie-up between Frank and Nike. This leads to Nike's second point, which is their contention that, in the contexts of the uses complained of, the average consumer would perceive LDNR as meaning, and meaning only, Londoner, and therefore as not indicating any form of collaboration or tie up between Frank and Nike. If the premise were sound, then I might well accept the conclusion. For the reasons explained above, however, I do not accept that the premise is sound. On the contrary, I consider that some consumers would not perceive LDNR to mean Londoner, and some of those who would do so would nevertheless perceive it to be being used as a brand name. That being so, I conclude that there is a likelihood of a significant number of consumers thinking that the presence of LDNR in the signs complained of indicates some form of collaboration or tie up between Frank and Nike. The evidence of actual confusion supports this conclusion.

119. *Conclusion.* For the reasons given above, I conclude that there is a likelihood of confusion due to the use of each of the signs complained of. Accordingly, Nike have infringed the Trade Marks pursuant to Article 10(2)(b) of the Directive/Article 9(2)(b) of the Regulation.

Infringement under Article 10(2)(c) of the Directive/Article 9(2)(c) of the Regulation

120. In the alternative to its case under Article 10(2)(b) of the Directive/Article 9(2)(b) of the Regulation, Frank contends that Nike have infringed the Trade Marks pursuant to Article 10(2)(c) of the Directive/Article 9(2)(c) of the Regulation. In the light of the conclusion I have reached in respect of the primary claim, I shall deal with this briefly. The secondary claim is only relevant if there is no likelihood of confusion. The only realistic basis upon which it could be concluded that there was no likelihood of confusion, however, is that, as Nike contend, the average consumer perceived LDNR in the contexts of all the uses of the signs complained of as meaning, and meaning only, Londoner, and thus as not having been used in relation to clothing at all. But if Nike have not used LDNR in relation to clothing for that reason, that would equally be an answer to Frank's claim under Article 10(2)(c) of the Directive/Article 9(2)(c) of the Regulation. It is therefore unnecessary to consider the various other sub-issues in relation to these claims.

Defence under Article 14(1)(b) of the Directive/Article 14(1)(b) of the Regulation

121. Nike contend that, even if there is a prima facie case of infringement, they have a defence under Article 7(1)(b) of the Directive/Article 14(1)(b) of the Regulation.

The law

122. *Signs or indications which concern characteristics of goods or services.* The leading case on this provision is *Gerolsteiner*. As discussed in paragraph 90 above, this establishes that a sign may function both as an indication of a characteristic of goods or services and as a trade mark.

123. *In accordance with honest practices.* The principles laid down by the CJEU for determining whether the use of a sign is “in accordance with honest practices in industrial or commercial matters” may be summarised as follows.
124. 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”.
125. 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”
126. 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.
127. 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. Thus in *Gerolsteiner*, the Court of Justice held at [25]:

“The mere fact that there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication of geographical origin from another Member State is therefore insufficient to conclude that the use of that indication in the course of trade is not in accordance with honest practices. In a Community of 15 Member States, with great linguistic diversity, the chance that there exists some phonetic similarity between a trade mark registered in one Member State and an indication of geographical origin from another Member State is already substantial and will be even greater after the impending enlargement.”
128. In applying these principles in a number of cases, I have found it of assistance to consider the following list of factors which I first set out in *Samuel Smith v Lee* [2011] EWHC 1879 (Ch), [2012] FSR 7 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.

Assessment

129. *Sign or indication concerning a characteristic of the goods.* I have concluded that LDNR would be perceived, in the context of the uses complained of, by some consumers as meaning Londoner. Frank contends that, even on that basis, LDNR is not an indication of any characteristic of clothing. I agree for similar reasons to those I have given in paragraph 85 above.
130. *In accordance with honest practices.* Considering the factors set out in paragraph 126 above:
- i) Nike knew about the Trade Marks.
 - ii) Nike do not rely upon any legal advice they may have obtained.
 - iii) I have concluded that LDNR would be seen at least in part as a trade mark for Nike's goods.
 - iv) Nike did not know that Frank objected, but I consider that they should have appreciated that it was likely that Frank would object. In any event, bearing in mind that this claim is partly *quia timet*, Nike know now.
 - v) Nike did not know that there was a likelihood of confusion, but in my view they should have appreciated that there was at least a risk of it. In any event, Nike know now.
 - vi) There has been actual confusion. Nike did not know this when they started, but they know now.
 - vii) The Trade Marks have a small but growing reputation. Nike did not know this when they started, but they know now. They should now also appreciate that there is a real risk of the Trade Marks' reputation being swamped in the event Nike continues its use of LDNR.

- viii) For the reason I have just given, continued use of LDNR by Nike would interfere with Frank's ability to exploit the Trade Marks.
 - ix) In my view Nike does not have a sufficient justification for using LDNR. It is not an established abbreviation for Londoner. Nike could use Londoner or LDN (which Frank has confirmed it does not object to).
 - x) Frank complained very promptly.
131. Considering the matter in the round, I do not consider that Nike acted fairly in relation to Frank's legitimate interests. Even if Nike have acted fairly in the past, in the light of what they now know, it would not be in accordance with honest practices in industrial and commercial matters for Nike to continue their use of LDNR in the future.
132. *Conclusion.* Nike's defence under Article 14(1)(b) is not made out.

Passing off

133. It was common ground between counsel that the claim for passing off stood or fell with the claim under Article 10(2)(b)/Article 9(2)(b). Accordingly, the claim for passing off succeeds.

Summary of principal conclusions

134. For the reasons given above, I conclude that:
- i) the Trade Marks are validly registered;
 - ii) Nike have infringed the Trade Marks pursuant to Article 10(2)(b) of the Directive/Article 9(2)(b) of the Regulation;
 - iii) Nike have not made out their defence under Article 14(1)(b) of the Directive/Article 14(1)(b) of the Regulation; and
 - iv) Frank's claim for passing off succeeds.