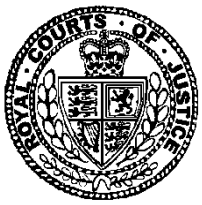


Neutral Citation Number: **[2024] EWHC 2449 (Ch)**

Claim No: IL-2022-000060

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)

The Rolls Building
7 Rolls Buildings
Fetter Lane
London EC4A 1NL

Date: 30 September 2024

Before:

DAVID STONE
(sitting as a Deputy High Court Judge)

- -

Between:

ATHLETA (ITM) INC.

Claimant

- and –

(1) SPORTS GROUP DENMARK A/S

(2) JARROLD & SONS LIMITED **Defendants**

- - - - - - - - - - - - - - - - - -
- - - - - - - - - - - - - - - - - -

Dr Stuart Baran and **Dr Richard Darby** (instructed by **Stephenson Harwood LLP**) for the **Claimant**
Dr Jamie Muir Wood (instructed by **Waterfront Solicitors LLP**) for the **Defendants**

Hearing dates: 16, 17 and 19 July 2024 (with further written submissions received on 24 July 2024)

- -

APPROVED JUDGMENT

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this judgment and that copies of this version as handed down may be treated as authentic.

This judgment is to be handed down by the deputy judge remotely by circulation to the parties' representatives by email and release to the National Archives and Bailii. The date for hand-down is deemed to be 30 September 2024.

David Stone (sitting as Deputy High Court Judge):

1. This is my judgment following a three day trial in an action for trade mark infringement and passing off. The Claimant, Athleta (ITM) Inc (**Athleta**), part of the Gap, Inc group of companies (**Gap**), sells women's clothing, primarily activewear, under the brand ATHLETA. The First Defendant, Sports Group Denmark A/S (**SGD**), is a Danish company that designs, produces and distributes clothing, accessories and footwear under a number of brands, including women's activewear which it sells under the brand ATHLECIA. The Second Defendant, Jarrold & Sons Limited (**Jarrold**), is a UK retailer which operates a department store and an on-line presence. It sold SGD's ATHLECIA clothing between 30 November 2021 and 24 June 2022. The Defendants admitted for the purposes of these proceedings that SGD is jointly and severally liable for the acts of Jarrold, and Jarrold took no further part in the proceedings (other than providing evidence).

2. The parties were largely agreed on the law to be applied. This case therefore turns almost entirely on its facts.

3. Dr Stuart Baran and Dr Richard Darby (instructed by Stephenson Harwood LLP) appeared for the Claimant and Dr Jamie Muir Wood (instructed by Waterfront Solicitors LLP) appeared for the Defendants.

The Parties' Positions in Outline

4. Athleta is the registered proprietor of two UK registered trade marks (which the parties referred to together as the **ATHLETA Marks**):

   i) ATHLETA, a word mark, filed on 15 September 2008 and registered under number 00907234503 in respect of various goods and services in classes 3, 9, 14, 18, 25, 28 and 35, including for 'clothing' in class 25 and 'bags' in class 18 (the **ATHLETA Word Mark**); and

   ii) 

, a word and device mark, also filed on 15 September 2008 and registered under number 00907234628 in respect of various goods and services in classes 18, 25 and 35, including for 'clothing' in class 25 (the **ATHLETA Combination Mark**).

5. Athleta also claims to own goodwill in the United Kingdom in the following four signs (referred to by the parties as the **ATHLETA Signs**):

   i) ATHLETA;

ii) 

;

iii) 

(the **ATHLETA Dark Pinwheel**); and

iv) 

(the **ATHLETA Purple Pinwheel**).

6. SGD admits that it has used the following signs in the United Kingdom (referred to by the parties as the **ATHLECIA Signs**):

   i) ATHLECIA;

   ii)  (the **ATHLECIA Device**);

   iii) A T H L E C I A (the **First ATHLECIA Combination**); and

   iv) 

(the **Second ATHLECIA Combination**).

7. SGD also admits that it has used the ATHLECIA signs in the United Kingdom in relation to bags, clothing, headgear and footwear.

8. Athleta complains that use of the ATHLECIA Signs other than the ATHLECIA Device by SGD amounts to:

   i) infringement of the ATHLETA Marks under section 10(2) of the Trade Marks Act 1994 (the **TMA**); and

   ii) passing off in respect of the ATHLETA Signs.

9. SGD:

   i) denies similarity and confusion under section 10(2) of the TMA;

   ii) denies passing off;

   iii) applies to invalidate the ATHLETA Marks under section 47(1) of the TMA because they are devoid of distinctive character (under section 3(1)(b) of the TMA) and/or consist exclusively of signs which designate the intended purposes of the goods and services for which they are registered (under section 3(1)(c) of the TMA); and

iv) applies to revoke the ATHLETA Marks for non-use. Athleta had originally claimed to use the ATHLETA Marks for a broader range of goods, but, by the trial, had narrowed its claimed use to the following goods:

Class 18 bags;

Class 25 clothing, footwear, headgear and clothing accessories;

Class 35 retail store services in the field of clothing, footwear, headgear, clothing accessories, bags; providing on-line retailing services and on-line ordering services in the field of clothing, footwear, headgear, clothing accessories, bags.

10. SGD has applied to register UK trade marks for the ATHLECIA Word Mark and the First ATHLECIA Combination: these have been opposed by Athleta and those proceedings are stayed pending the outcome of this judgment.

List of Issues

11. The parties' agreed list of issues for trial was as follows (I have amended the dates in relation to revocation for non-use to reflect the position reached by the parties by the time of the trial and I have amended some of the definitions to reflect those set out above):

> **"Trade Mark Infringement**
>
> 1. Are the ATHLECIA Signs (other than the ATHLECIA Device) or any of them similar to the ATHLETA Marks?
>
> 2. If issue 1 is resolved in the affirmative, does there exist a likelihood of confusion (including a likelihood of association) on the part of the relevant public in relation to the ATHLETA Marks resulting from SGD's use of the ATHLECIA Signs (other than the ATHLECIA Device) or any of them?
>
> 3. Whether SGD's use of the sign ATHLECIA, the First ATHLECIA Combination and/or the Second ATHLECIA Combination affects or is liable to affect any of the functions of the ATHLETA Marks and each of them.
>
> **Passing Off**
>
> 4. As of 30 November 2021, did Athleta own protectable goodwill under each of the ATHLETA Signs?
>
> 5. Does the use of the ATHLECIA Signs (other than the ATHLECIA Device) by SGD in the United Kingdom constitute a misrepresentation?

> 6. If the answer to issue 5 is yes, is such misrepresentation liable to damage any goodwill found to be owned by Athleta?
>
> **Counterclaim**
>
> 7. Have the ATHLETA Marks or each of them been put to genuine use for all goods and services for which they are registered within:
>
> a. the five-year period 30 November 2016 to 29 November 2021; or
>
> b. the five-year period 12 July 2017 to 11 July 2022?
>
> 8. Were the ATHLETA Marks or each of them exclusively descriptive of the intended purpose of the goods and services for which they are registered as at the relevant priority date?
>
> 9. Were the ATHLETA Marks or each of them devoid of inherent distinctive character as at the relevant priority date?
>
> 10. Have the ATHLETA Marks or each of them acquired distinctive character through use?"

12. For the purposes of this judgment, I will not take these in the order in which they appear above, but my answers to each question are recorded at the end of this judgment. Instead, I will deal first with the question of validity, and then proceed to examine the question of infringement of such marks as I find to be valid.

Witnesses

13. Athleta relied on five witnesses, each of whom was cross-examined:

    i) Bruno Sidonio Arantes Da Silva is Commercial Director at Sidonios Seamless Tech (**Sidonios**) which manufactures garments for Athleta in Portugal, including by affixing the ATHLETA Signs to garments. Mr Da Silva gave his oral evidence in Portuguese by video link from Portugal.

    ii) Sara Elizabeth Nichols is a Senior Paralegal in the Intellectual Property Team at Gap. She gave evidence about the sale of goods from the United States to Europe through a company called **Borderfree**.

    iii) Katia Pereira Da Costa Madureira is a commercial officer at Impetus SA (**Impetus**) which manufactures garments for Athleta in Portugal, including by affixing the ATHLETA Signs to garments. She gave her oral evidence in English by video link from Portugal.

    iv) Patricia Elizabeth Gwillim is Head of Account Management and Planning – Europe, Middle East, Africa, Asia and Pureplay for Gap.

She gave evidence about goods (predominantly clothing) bearing the ATHLETA Signs being sold in the United Kingdom and in the European Union, including through **John Lewis** and **Zalando**, a German online retailer of shoes, fashion and beauty which is active across Europe.

v) Jaclyn Foster Green is Director of Marketing Strategy and Insights at Gap who gave evidence about the ATHLETA brand. Her evidence was in reply to the witness statement of Anne Gelardi, referred to below.

14. SGD relied on six witnesses, each of whom was cross-examined:

i) Francesca Allport, an Associate at Waterfront Solicitors who gave evidence about dictionary definitions.

ii) Carolina Katrine Bonde Pedersen, a former employee of SGD, who gave evidence about an email that she sent on 6 October 2020, to which I return below. Ms Pedersen gave her oral evidence in English by video link from Denmark.

iii) Anne Gelardi, the Chief Design and Creative Manager in the performance division of SGD, who gave evidence about the conception and creation of the ATHLECIA brand. I accept Ms Gelardi's statements about her own brand – to the extent she purported to give evidence about the ATHLETA brand, those can only be her personal view, and to the extent those views were contradicted by Ms Green in her reply evidence referred to above, I accept Ms Green's evidence.

iv) Bjarne Jeppesen, the founder and CEO of SGD, who gave evidence about athleisure wear and the creation of the ATHLECIA brand.

v) Jim Stevenson, a Buyer at Jarrold who gave evidence going to the issues of likelihood of confusion and misrepresentation.

vi) Piers Strickland, a partner at Waterfront Solicitors, who gave evidence about use of the sign ATHLETICA for clothing.

15. No substantial criticism was made of Athleta's witnesses, and I agree. They had clearly all come to court to assist, and did their best honestly to answer the questions put to them. I deal briefly below with a minor criticism made of Ms Nichols' evidence.

16. No criticism was made of the way in which Ms Allport, Ms Bonde, Mr Stevenson, Ms Gelardi and Mr Strickland gave their evidence, and I agree. Again, they had come to court to assist, and did their best honestly to answer the questions put to them. Athleta's counsel suggested that I should treat Mr Jeppesen's evidence with "caution" where his statements were not corroborated by some other document, on the basis that his attitude to his evidence was "somewhat casual and not very careful". This was on the basis

of two submissions. First, Athleta's counsel submitted that Mr Jeppesen had had to correct his witness statement to say that he had in fact met a representative of a third party company. This was an issue which, in Athleta's counsel's own words, "makes little or no difference to the case", but was said to be something he could have checked prior to signing his witness statement. Second it was submitted that Mr Jeppesen on occasion responded to questions put to him in cross-examination with the word "whatever": this was said to be inappropriate and unfortunate, and consistent with his taking an unduly casual attitude to these proceedings, to his evidence and to this dispute. I reject those submissions. Having carefully observed and listened to Mr Jeppesen in the witness box, I found him to be an honest witness. I do not consider Mr Jeppesen to have displayed a casual attitude to the proceedings, to his evidence or to the dispute. Athleta's counsel was correct to submit that Mr Jeppesen plainly did not wish to be in court – but he cannot be faulted for that.

17. Athleta's counsel also criticised the written evidence from Ms Allport (dictionary definitions) and Mr Strickland (market use of ATHLETICA). I did not find either witness statement relevant or helpful, so I do not need to deal in any detail with the criticism made of the way in which that evidence was presented – I return to the substance of it below.

Invalidity under sections 3(1)(b) and/or 3(1)(c) of the TMA

18. Section 47(1) of the TMA provides:

> **"Grounds for invalidity of registration**
>
> (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).
>
> Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered."

19. Section 3 of the TMA provides:

> **"Absolute grounds for refusal of registration**
>
> (1) The following shall not be registered—
>
> (a) signs which do not satisfy the requirements of section 1(1),
>
> (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, the time of production of goods or of rendering of services, or other characteristics of goods or services,
>
> (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade:
>
> Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it."

20. The parties were agreed that the date for assessing validity under sections 3(1)(b) and 3(1)(c) is the date of application for the trade marks – in this case, 15 September 2008. The assessment is from the point of view of a person in the United Kingdom. There was a suggestion in SGD's submissions that, because these are both comparable marks ("cloned" from European Union trade marks (**EUTM**)), the point of view of consumers in the European Union might be relevant. Athleta's counsel submitted otherwise on the basis of Article 54 of the Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the **Withdrawal Agreement**) CP 219 Vol. 2, January 2020, which provides as follows:

> **"Continued protection in the United Kingdom of registered or granted rights**
>
> 1. The holder of any of the following intellectual property rights which have been registered or granted before the end of the transition period shall, without any re-examination, become the holder of a comparable registered and enforceable intellectual property right in the United Kingdom under the law of the United Kingdom:
>
> (a) the holder of a European Union trade mark registered in accordance with Regulation (EU) 2017/1001 of the European Parliament and of the Council [(the **EUTM Regulation**)] shall become the holder of a trade mark in the United Kingdom, consisting of the same sign, for the same goods or services
>
> […]
>
> 3. Notwithstanding paragraph 1, if an intellectual property right referred to in that paragraph is declared invalid or revoked, or, in the case of a Community plant variety right, is declared null and void or is cancelled, in the Union as the

> result of an administrative or judicial procedure which was ongoing on the last day of the transition period, the corresponding right in the United Kingdom shall also be declared invalid or revoked, or declared null and void, or be cancelled. The date of effect of the declaration or revocation or cancellation in the United Kingdom shall be the same as in the Union.
>
> By way of derogation from the first subparagraph, the United Kingdom shall not be obliged to declare invalid or to revoke the corresponding right in the United Kingdom where the grounds for the invalidity or revocation of the European Union trade mark or registered Community design do not apply in the United Kingdom."

21. Athleta's counsel submitted that Article 54 makes provision for what is to happen if an EUTM is invalidated as the result of any procedure which was ongoing on the last day of the transition period – in that case, the United Kingdom must invalidate the corresponding comparable trade mark unless the ground of invalidity does not pertain in the United Kingdom. I agree with that submission - the relevant consumer must be the UK consumer, because a comparable mark does not have to be invalidated if the basis of the invalidation does not apply in the United Kingdom.

Section 3(1)(b) of the TMA

22. The law on section 3(1)(b) of the TMA was not in dispute.

23. I was referred (amongst others) to the judgment of Arnold J (as he then was) in *Starbucks (HK) Ltd v British Sky Broadcasting Group plc* [2012] EWHC 3074 (Ch) (affirmed by the Court of Appeal and UK Supreme Court) and the judgment of the Court of Justice of the European Union (**CJEU**) in Case C-51/10 P *Agencja Wydawnicz Technopol sp. z.o.o v OHIM* [2011] ETMR 34. The principles were not in dispute.

24. I can dispose of this issue briefly, because there was no evidence before me at all on the understanding of consumers of clothing and bags from 2008, nor any evidence at all to suggest that ATHLETA has ever been considered to describe the goods and services for which the ATHLETA Marks are registered. There was no evidence at all of any "sufficiently direct and specific relationship between the sign and the goods or services in question to enable the public concerned immediately to perceive, without further thought, a description of the goods or services in question from one of their characteristics" (Case T-458/05 *Tegometall International v OHIM* [2007] ECR I-4721).

25. There was before me evidence of uses of expressions such as "athlete" and "athleisure" – but none at all suggesting that "athleta" was in 2008 or is now used as a description of clothing or bags (or indeed any goods or services). As Athleta's counsel put it: "ATHLETA is not and was not a descriptor. It is not and was not a real word; it does not and did not describe anything."

26. SGD's position is even more hopeless in relation to the ATHLETA Combination Mark – there was no evidence before me that the roundel device which is part of that mark is descriptive in any way.

27. The application for invalidity under section 3(1)(b) fails.

Section 3(1)(c) of the TMA

28. Whilst there is some overlap between section 3(1)(b) and section 3(1)(c) they fall to be considered separately.

29. The CJEU summarised the principles to be applied in relation to an allegation of lack of distinctive character in Case C-265/09 P *OHIM v BORCO-Marken-Import Matthiesen GmbH & Co KG* [2010] ECR I-0000 at 31-32:

> "31. According to settled case law, for a trade mark to possess distinctive character for the purposes of that provision, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (*Henkel v OHIM*, paragraph 34; Case C-304/06 P *Eurohypo v OHIM* [2008] ECR I 3297, paragraph 66; and Case C-398/08 P *Audi v OHIM* [2010] ECR I 0000, paragraph 33).
>
> 32. It is settled case law that that distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been applied for and, second, by reference to the perception of them by the relevant public (*Storck v OHIM*, paragraph 25; *Henkel v OHIM*, paragraph 35; and *Eurohypo v OHIM*, paragraph 67). Furthermore, the Court has held, as OHIM points out in its appeal, that that method of assessment is also applicable to an analysis of the distinctive character of signs consisting solely of a colour per se, three dimensional marks and slogans (see, to that effect, respectively, Case C-447/02 P *KWS Saat v OHIM* [2004] ECR I 10107, paragraph 78; *Storck v OHIM*, paragraph 26; and *Audi v OHIM*, paragraphs 35 and 36)."

30. Crucially, for the purposes of validity, even a minimal level of distinctiveness is sufficient to overcome a section 3(1)(c) objection: Case T-79/00 *Rewe Zentral AG v OHIM* [2002] ECR I-0705.

31. Again, I can deal briefly with this part of the case. There was no evidence before the court at all that, in 2008, the ATHLETA Marks were not capable of distinguishing the goods and services of one undertaking from those of another. The word mark ATHLETA was and is not, in my judgment, devoid of any distinctive character. It is a coined term which, whilst clearly alluding

to "athlete", "athletic/s" or similar words, is not a word which is devoid of distinctive character.

32. Again, SGD's position with respect to the ATHLETA Combination Mark is more hopeless – the roundel is clearly distinctive and there was no evidence before me to the contrary.

33. The section 3(1)(c) invalidity claim also fails.

Acquired distinctiveness

34. As noted above, a trade mark which is descriptive under section 3(1)(b) or non-distinctive under section 3(1)(c) can still be validly registered if it has acquired distinctiveness through use. Given my findings above, I do not need to deal with this issue.

Revocation for Non-use

35. SGD applied to revoke the ATHLETA Marks for non-use. Athleta has confirmed that it does not seek to support use for the following goods/services and has consented to the revocation of the ATHLETA Marks for the following goods/services:

i) The ATHLETA Word Mark

Class 3

Personal care products, toilet preparations, cosmetics, make-up products, perfume and fragrance products, oils, soaps, lotions, creams, powders, balms and gels, bath products, fragranced products for the home, room sprays, potpourri, hair care preparations, sun care products, detergents and cleaning preparations.

Class 9

Loyalty cards, electronic gift cards, mobile telephone cases, personal digital assistant cases, sunglasses and eyeglasses, sunglass and eyeglass cases, sound and video recordings, computer games, video games, computer software.

Class 14

Jewellery, watches and clocks; household goods, not included in other classes.

Class 18

[L]uggage, leather goods, umbrellas, key cases, handbags, purses, backpacks, school bags, book bags, fanny packs, tote bags, credit card cases, wallets, cosmetic cases.

Class 28

Games and playthings; stuffed toys; sporting goods; gymnastic and sporting articles not included in other classes; exercise equipment; resistance bands for exercise; exercise balls; ankle and wrist weights for exercise; exercise doorway gym bars; yoga mats.

Class 35

Retail store services in the field of a wide variety of general merchandise, leather goods, sunglasses, jewelry, hair accessories, cosmetics, toiletries, fragrances and personal care products, toys and games, and sporting goods; promotional services in the fashion field including counseling on the selection and matching of fashion products and accessories; management of retail store services in relation to clothing and a variety of other merchandise; advertising and marketing services; operation of consumer loyalty programs; promoting the goods and services of others by placing advertisements and promotional displays on an electronic site accessible through a computer network; providing on-line retail services and on-line ordering services in the field of a wide variety of general merchandise; namely leather goods, sunglasses, jewelry, hair accessories, cosmetics, toiletries, fragrances and personal care products, toys and games and sporting goods; promotional services in the fashion field including counseling on the selection and matching of fashion products and accessories; mail order catalogue services; computer on-line ordering services.

ii) The ATHLETA Combination Mark

Class 18

[L]uggage, leather goods, umbrellas, key cases, handbags, purses, backpacks, school bags, book bags, fanny packs, tote bags, credit card cases, wallets, cosmetic cases.

Class 35

Retail store services in the field of a wide variety of general merchandise namely leather goods, sunglasses, jewelry, hair accessories, cosmetics, toiletries, fragrances and personal care products, toys and games, and sporting goods; promotional services in the fashion field including counseling on the selection and matching of fashion products and accessories; management of retail store services in relation to clothing and a variety of other merchandise; advertising and marketing services; operation of consumer loyalty programs; promoting the goods and services of others by placing advertisements and promotional displays on an electronic site accessible through a computer network; providing on-line retailing services and on-line ordering services in the field of a wide variety of general merchandise, namely leather goods, sunglasses, jewelry, hair accessories, cosmetics, toiletries, fragrances and personal care

> products, toys and games, and sporting goods; mail order catalogue services; computer on-line ordering services.

36. Athleta consented to partial revocation from the date five years following the date of completion of the registration procedure – 4 August 2014 for the ATHLETA Word Mark and 14 May 2014 for the ATHLETA Combination Mark. I will therefore make that order.

37. In relation to the remaining goods/services in each specification (set out at paragraph 9(iv) above), SGD conceded that it was not asking me to read down any aspects of the specification based on the genuine use I determine – that is, for example, were I to find genuine use only with respect to caps, SGD was not asking me to narrow the specification from "headgear" to "caps" or some other descriptor. In short, should I find genuine use with respect to any item that falls within the more general descriptor, SGD is content for Athleta to retain the more general descriptor in the specification. This was, if I may say so, a practical and sensible approach to adopt, in line with the Overriding Objective.

38. The ATHLETA Marks are UK comparable trade marks derived from EUTM registrations. Therefore, the requirement of genuine use can be fulfilled before 31 December 2020 by genuine use within the European Union: TMA Schedule 2A, paragraph 8.

The law on genuine use

39. The law on genuine use was not in dispute. Section 46 of the TMA provides:

> "(1) The registration of a trade mark may be revoked on any of the following grounds—
>
> (a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;
>
> (b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use;
>
> …
>
> (2) For the purposes of subsection (1) use of a trade mark includes use in a form (the "variant form") differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), and use in the United Kingdom includes affixing the trade mark to goods or

> to the packaging of goods in the United Kingdom solely for export purposes.
>
> (3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the five year period and before the application for revocation is made:
>
> Provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the application shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.
>
> […]
>
> (5) Where grounds for revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only."

40. Genuine use was summarised by Arnold J (as he then was) in *Walton International Ltd v Verweij Fashion BV* [2018] EWHC 1608 (Ch):

> "114. The CJEU has considered what amounts to "genuine use" of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bundervsvereinigung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 P *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.
>
> 115. The principles established by these cases may be summarised as follows:
>
> (1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]-[51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial raison d'être of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71]; *Reber* at [29].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23];

> *Sunrider* at [70]-[71], [76]; *Leno* at [29]-[30], [56]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34].
>
> (7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no de minimis rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].
>
> (8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].
>
> 116. Counsel for the Claimants suggested that there was a difference between the assessment of what amounted to genuine use of a trade mark, and in particular the quantitative extent of the use required, depending on whether the trade mark was a national trade mark or an EU trade mark. As counsel for the Defendant pointed out, however, the Court of Justice has expressly held that the same principles are applicable to the interpretation of the relevant provisions of both the Directive and the Regulation: see *Leno* at [31]."

41. In considering genuine use within the European Union, Arnold J went on to state:

> "118. Whereas a national mark needs only to have been used in the Member State in question, in the case of a EU trade mark there must be genuine use of the mark "in the Union". In this regard, the Court of Justice has laid down additional principles to those summarised above which I would summarise as follows:
>
> (9) The territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to genuine use in the Union: *Leno* at [44], [57].
>
> (10) While it is reasonable to expect that a EU trade mark should be used in a larger area than a national trade mark, it is not necessary that the mark should be used in an extensive geographical area for the use to be deemed genuine, since this depends on the characteristics of the goods or services and the market for them: *Leno* at [50], [54]-[55].

> (11) It cannot be ruled out that, in certain circumstances, the market for the goods or services in question is in fact restricted to the territory of a single Member State, and in such a case use of the EU trade mark in that territory might satisfy the conditions for genuine use of a EU trade mark: *Leno* at [50]."

Variant use

42. Genuine use of a registered trade mark can be fulfilled by genuine use of a variant form, the variant form differing in elements which do not alter the distinctive character of the mark: section 46(2) of the TMA. Arnold J also considered this requirement in *Walton*:

> "120. In *BUD and BUDWEISER BUDBRÄU Trade Marks* [2002] EWCA Civ 1534, [2003] RPC 25 Lord Walker of Gestingthorpe (with whom Pill LJ agreed) held that the correct approach to section 46(2) of the 1994 Act, which corresponds to Article 15(2)(a) of the Regulation, was as follows:
>
> > "43. …. The first part of the necessary inquiry is, what are the points of difference between the mark as used and the mark as registered? Once those differences have been identified, the second part of the inquiry is, do they alter the distinctive character of the mark as registered?
> >
> > 44. The distinctive character of a trade mark (what makes it in some degree striking and memorable) is not likely to be analysed by the average consumer, but is nevertheless capable of analysis. …
> >
> > 45. Because distinctive character is seldom analysed by the average consumer but is capable of analysis, I do not think that the issue of 'whose eyes?—registrar or ordinary consumer?' is a direct conflict. It is for the registrar, through the hearing officer's specialised experience and judgment, to analyse the 'visual, aural and conceptual' qualities of a mark and make a 'global appreciation' of its likely impact on the average consumer, who:
> >
> > 'normally perceives a mark as a whole and does not proceed to analyse its various details.'
> >
> > The quotations are from para.[26] of the judgment of the Court of Justice in Case C-342/97 *Lloyd Schuhfabrik Meyer GmbH v Klijsen Handel BV* [1999] E.C.R. I-3819; the passage is dealing with the likelihood of confusion (rather

> than use of a variant mark) but both sides accepted its relevance."
>
> 121. As this indicates, and as the recent decision of CJEU in Case C-501/15 *European Union Intellectual Property Office v Cactus SA* [EU:C:2017:750], [2018] ETMR 4 at [68]-[71] confirms, the normal approach to the assessment and comparison of distinctive character applies in this context.
>
> 122. As the case law of the General Court makes clear, alteration or omission of elements which are not distinctive is not capable of altering the distinctive character of a trade mark: see Case T-690/14 *Sony Computer Entertainment Europe Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:T:2015:950] at [45]. Furthermore, when a trade mark is composed of word elements and figurative elements, the former are, as a rule, more distinctive than the latter: see *Sony* at [49]. Accordingly, it is possible in an appropriate case for use of the word element on its own to constitute use of the trade mark: see *Sony* at [51]."

43. I was also referred to the General Court's judgment in Case T-24/17 *LA Superquimica SA* v *EUIPO* [2018] ECR I-0000:

> "46. Thus, a finding that the distinctive character of the mark as registered has been altered requires an assessment of the distinctive and dominant character of the added elements based on the intrinsic qualities of each of those elements and the relative position of the various elements within the arrangement of the trade mark (judgment of 13 September 2016, *Representation of a polygon*, T-146/15, EU:T:2016:469, paragraphs 28 and 37).
>
> 47. For the purposes of that finding, account must be taken of the intrinsic qualities and, in particular, the greater or lesser degree of distinctive character of the earlier mark used solely as part of a complex trade mark or jointly with another mark. The weaker the distinctive character, the easier it will be to alter it by adding a component that is itself distinctive, and the more the mark will lose its ability to be perceived as an indication of the origin of the product it designates. The reverse is also true (judgment of 13 September 2016, *Representation of a polygon*, T-146/15, EU:T:2016:469, paragraph 29)."

Internal use

44. Some of Athleta's evidence related to what SGD's counsel referred to as "internal use". As noted above, Arnold J in *Walton* summarised CJEU authority that internal use does not count for the purposes of a non-use revocation application:

> "(4) … Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22] …"

45. Athleta's counsel submitted that this part of Arnold J's guidance requires that the mark be used on products that are destined for the market. This is in keeping with the function of the mark that requires public, external use directed at the outside world. The mark is not being used as such if it is destined to stay within the proprietor's internal sphere. To that end, Athleta's counsel referred me to *Geoffrey Inc's Trade Mark Application (No.12244)* [2004] RPC 30, where the applicant for revocation argued that export to the proprietor of the trade mark amounted to internal use and so did not count as export use under section 46(2) of the TMA:

> "…the registered proprietor is domiciled abroad and has the goods manufactured for him in the country of registration. The mark is applied to the goods or their packaging with the consent of the registered proprietor. The goods are then shipped abroad normally, as in the case in issue, to the registered proprietor or his agent."

46. The applicant for revocation had submitted as follows:

> "The applicant argues that the second situation, which applies to the current case, does not constitute "export" of goods under the mark because the "export" is to the registered proprietor abroad rather than by the registered proprietor. Further, the applicant submits that the registered proprietor does not need a registration in the United Kingdom because it has no business here, either as a seller into the United Kingdom or (as a consequence of their earlier argument) as exporters from the United Kingdom. In addition, it is said by the applicant that the movement of goods under the mark (with the proprietor's consent in the United Kingdom), to the proprietor in Spain, merely amounts to internal or private use of the mark and does not therefore constitute "genuine use"."

47. These arguments were rejected:

> "In the present case it is accepted that the use in the United Kingdom was ultimately interested to find a market on the continent. It can therefore be contrasted with purely private use which is never intended to find a market anywhere. In my view the use of the mark by the registered proprietor qualifies as genuine use on the basis shown. The mere fact that the first recipient of the goods in Spain was the proprietor should not matter.
>
> …
>
> The fact that the registered proprietor was also the importer of the goods in Spain is not fatal. If the goods were

> "exported" under the mark with his consent then, provided the mark was applied in order to find a market abroad, it is sufficient to amount to genuine use. On the evidence in the present case, it seems to me that the registered proprietor's use has been genuine and falls within the protection afforded by s.46(2) of the Act."

48. This can also be looked at another way. It is infringement of a UK registered trade mark to make goods under the mark in the United Kingdom for export: section 10(4)(c) TMA. Thus, a trader who manufactures in the United Kingdom but does not sell its products within the jurisdiction can obtain a trade mark registration, and prevent third parties from manufacturing in the United Kingdom under the registered mark (or a similar sign). If manufacturing for export did NOT constitute genuine use (as SGD's counsel submitted), then the registered trade mark of the UK manufacturer described above would be vulnerable to revocation for non-use five years after registration. It will only be able to maintain its registration if manufacturing for export counts.

No de minimis rule

49. Athleta's counsel made detailed submissions on Arnold J's statement in *Walton* that there is no *de minimis* rule – so long as the use is genuine, even very small quantities of use may suffice. He emphasised that the question is whether the trade mark owner is seeking to establish or maintain some market share in the relevant jurisdiction – that market share does not need to be of any particular size. Further, he reminded me of *Laboratoires Goëmar SA v La Mer Technology Inc* [2005] EWCA Civ 978, where the sale of approximately £800 worth of skin care products was held to be genuine use.

Use in relation to what goods?

50. Counsel for SGD referred me to *Merck KGaA v Merck Sharp & Dohme Copr* [2017] EWCA Civ 1834 where Kitchin LJ (as he then was) said this:

> "245. First, it is necessary to identify the goods or services in relation to which the mark has been used during the relevant period.
>
> 246. Secondly, the goods or services for which the mark is registered must be considered. If the mark is registered for a category of goods or services which is sufficiently broad that it is possible to identify within it a number of subcategories capable of being viewed independently, use of the mark in relation to one or more of the subcategories will not constitute use of the mark in relation to all of the other subcategories.
>
> 247. Thirdly, it is not possible for a proprietor to use the mark in relation to all possible variations of a product or service. So care must be taken to ensure this exercise does

> not result in the proprietor being stripped of protection for goods or services which, though not the same as those for which use has been proved, are not in essence different from them and cannot be distinguished from them other than in an arbitrary way.
>
> 248. Fourthly, these issues are to be considered from the viewpoint of the average consumer and the purpose and intended use of the products or services in issue. Ultimately it is the task of the tribunal to arrive at a fair specification of goods or services having regard to the use which has been made of the mark."

51. Here, as I have set out above, SGD did not seek to narrow the specification for "clothing" to, for example, "women's activewear." Rather, SGD's counsel relied on *Merck* for the proposition that it is the average consumer whose viewpoint is relevant in assessing proof of use in relation to the various goods/services asserted. I also accept that my task is to arrive at a fair specification of goods and services having regard to the use which has been made of the mark.

Use on US websites

52. Some of the use relied on by Athleta was on its US website – the ATHLETA brand is clearly active in the United States. Is that use within the United Kingdom/European Union (as relevant)?

53. Various courts in the United Kingdom and European Union (including most relevantly and recently, the UKSC) have considered foreign websites in the context of infringement, with a developed notion of targeting. Use on a non-UK website may infringe a UK-registered trade mark if the non-UK website "targets" consumers in the United Kingdom. Targeting from abroad involves more than mere accessibility – it requires the Court to consider on the basis of the evidence whether the average consumer would consider the website to be targeted at them, which may include considering the intention of those behind the website: *Lifestyle Equities CV and Anor v Amazon UK Services Ltd and Ors* [2024] UKSC 8 at paragraph 15 and following.

54. Athleta's counsel did not accept this approach – rather, he said that what mattered for the US-facing website was whether it evidenced an attempt to create or maintain a market for the relevant goods in the United Kingdom. I do not accept that submission, nor can I, given the Supreme Court's comments in *Lifestyle Equities*. Purely foreign use cannot count as relevant use for the purposes of a United Kingdom revocation for non-use counterclaim. Take, for example, a physical store in Sydney, Australia with no on-line presence. This use would not count as use of a UK trade mark even if British tourists were known to visit Sydney, and were known to visit the store and purchase goods. The proprietor is attempting to create and maintain a market for those goods in Sydney, not in the United Kingdom. The same must be true of the on-line world – it is not sufficient (as I have set out above) to say that British consumers can access the website and purchase

goods. There must be something more – and that something more is the targeting described by the Supreme Court in *Lifestyle Equities*. Will consumers accessing the site consider that it is targeted at them?

55. In this case, the US website made approximately US$60,000 worth of sales each year between 2015 and 2019 into the United Kingdom/European Union, predominantly of clothing. There were said to be over 100,000 UK visitors annually to the US Athleta website (although it was not possible to tell which pages of the website they visited) – it was therefore said to be exploiting the ATHLETA Marks in relation to all the goods shown on the website.

56. SGD's counsel raised a further point that the US-facing website did not, on the screenshots put into evidence, appear to provide an opportunity for UK consumers to buy goods after approximately 2017. This was countered by the oral testimony of Ms Nichols. In the end, I do not consider that it matters given the findings I have made below – but I do accept Ms Nichols' statements under cross-examination that the website continued to offer the opportunity to purchase goods after 2017. The arrangement with Borderfree ceased in 2019 – so, to the extent it is relevant, I find as a question of fact that sales from the US-facing website ended at about that time.

57. In my judgment, US websites such as Facebook, Twitter and Instagram are in the same position – that is, in order for that use to count as genuine use in the United Kingdom/European Union (as appropriate), it will be necessary to show that the postings were targeted at consumers in the relevant jurisdiction. It is not enough to say that UK/EU consumers could access the postings – they have to consider that the postings are targeted at them, and, in my judgment they would not so consider the postings which were in evidence in these proceedings.

58. In reaching these conclusions, I have kept in mind why the law requires trade marks to be used in order to be enforceable. A trade mark is not an irrevocable monopoly – the trade mark owner must use it, or lose it. Trade marks are jurisdictional, and so what matters is use within the jurisdiction. That use must be genuine – that is, to create or maintain a market under the mark for the goods and services in the specification. A US retailer posting on Instagram is not, by that act alone, attempting to create or maintain a market for those goods in every country of the world – there must be something more: targeting.

Retail services

59. Counsel for SGD referred me to Joined Cases C-155/18 P, C-156/18 P, C-157/18 P, C-158/18 P *Tulliallan Burlington Limited v EUIPO* where the CJEU said this in relation to genuine use with respect to retail services:

> "124. In that regard, it must be borne in mind that, as regards retail services in Class 35, within the meaning of the Nice Agreement, the Court has held that the objective of retail trade is the sale of goods to consumers. That activity consists, inter alia, in selecting an assortment of goods offered for sale

> and in offering a variety of services aimed at inducing the consumer to conclude the abovementioned transaction (see, to that effect, judgment in *Praktiker*, paragraph 34).
>
> 125. In addition, it must be pointed out that the explanatory note relating to Class 35, within the meaning of the Nice Agreement, states that that class includes, in particular, the bringing together, for the benefit of others, of a variety of goods, excluding the transport thereof, enabling customers to conveniently view and purchase those goods. Those services may be provided by retail stores, wholesale outlets, through vending machines, mail order catalogues or by means of electronic media, for example, through web sites or television shopping programmes.
>
> 126. It follows from that explanatory note that the concept of 'retail services' relates to three essential characteristics, namely, first, the purpose of those services is the sale of goods to consumers, secondly, they are addressed to the consumer with a view to enabling him or her to conveniently view and purchase those goods and, thirdly, they are provided for the benefit of others.
>
> 127. Accordingly, the concept of 'retail services' covers services which are aimed at the consumer and which consist, on behalf of the businesses occupying a shopping arcade's stores, in bringing together a variety of goods in a range of stores enabling the consumer to conveniently view and purchase those goods and in offering a variety of services separate from the act of sale, which seek to ensure that that consumer purchases the goods sold in those stores".

60. Counsel for Athleta rather relied on R 516/2023-4 *Gap (ITM) Inc. v Calderon*, a decision of the Fourth Board of Appeal of the EUIPO. In that case the owner of the mark claimed a reputation for retail services in Class 35, and the Board of Appeal accepted that evidence of over 100 single-branded stores, multiple awards as a top retailer, and sales through its website and an app were sufficient to demonstrate a reputation for retail services, in circumstances where there did not appear to be any evidence (at least none mentioned in the decision) that the GAP stores in issue sold non-GAP goods. That was a decision on its facts – in circumstances where the other party took no part in the decision, and so the Board of Appeal did not have the benefit of proper argument. The *Tulliallan* decision of the Court of Justice does not appear to have been cited to the Board of Appeal.

61. I am bound by the decision of the Court of Justice in *Tulliallan* and, in any event, I respectfully agree with it. In addition to *Tulliallan*, there are plenty of decisions where goods (say clothing) have been held to be similar, but not identical, to the retail sale of the same goods. This emphasises the point that clothing are goods which fall in Class 25, and retail services in Class 35 require something more.

Evidence of use

62. Having set out the various legal submissions made by the parties, I turn now to the evidence of use. I remind myself again that my task is to arrive at a fair specification of goods and services, having regard to the use which has been made of the marks in issue. It is for Athleta to prove use of the marks on which it relies for the goods/services in its specifications.

63. SGD accepted the following for the purposes of these proceedings:

    i) Sidonios and Impetus have manufactured ATHLETA-branded clothing in Portugal and have then shipped that clothing to Athleta in the US or, on a small number of occasions, the United Kingdom (to Gap (UK) for onward distribution). Sidonios shipped 180 tops to Gap (UK) as part of two orders; and Impetus shipped 200 pullovers to Gap (UK) as part of five orders. However, SGD's counsel submitted that this amounts to internal use and cannot assist Athleta in proving use of the ATHLETA Marks in the European Union or in the United Kingdom;

    ii) Athleta sold a limited number of items of clothing to customers in the European Union and the United Kingdom through Borderfree between 2015 and 2019 - including two headbands, one beanie and two scarves. SGD accepted that between 2015 and 2019, 5,516 ATHLETA-branded items valued at US$349,692.17 had been sold by Athleta;

    iii) since in or around September 2020, Athleta sold clothing in the United Kingdom through John Lewis. However, SGD submitted that until 30 June 2022, at which date two bags were available on the website, there is no evidence of John Lewis offering anything other than clothing for sale under the ATHLETA Marks; and

    iv) since in or around September 2021, Athleta sold a very small number of items of ATHLETA-branded clothing to customers in the United Kingdom through Zalando.

64. These concessions, though helpful, do not complete the picture. For the purposes of this judgment, I have decided not to describe each piece of evidence and then explain whether it proves genuine use, and, if so, in relation to what mark/s and what goods/services. Rather, I propose to take a different approach, taking each of the ATHLETA Marks separately, and reviewing each term in the specification. I will take the ATHLETA Combination Mark first, because, as the parties accepted, if I find use of the ATHLETA Combination Mark, that will also constitute use of the ATHLETA Word Mark, given that the word "ATHLETA" appears in full within the ATHLETA Combination Mark.

65. I should say from the outset that I consider there to be sufficient evidence of use of both the ATHLETA Word Mark and the ATHLETA Combination Mark in relation to clothing – and counsel for SGD did not seriously suggest otherwise. However, as Athleta seeks to retain its specifications for a broader range of goods/services, I need to deal with them. In doing so, I note:

    i) Ms Gwillim for Athleta accepted that the sales through John Lewis and through Zalando were predominantly of clothing;

    ii) Ms Nichols for Athleta accepted that there were limited items sold through Borderfree that were not clothing;

    iii) Ms Nichols also accepted that, when using Borderfree, charges on top of the cost of the clothing were quite high; and

    iv) the evidence of Ms Pereira and Mr da Silva about what was manufactured for Athleta in Portugal all related to clothing.

The relevant time periods

66. Revocation for non-use was sought in relation to the following periods:

    i) 30 November 2016 to 29 November 2021; and

    ii) 12 July 2017 to 11 July 2022.

67. Athleta claimed to be able to prove genuine use in relation to both periods, but focussed its submissions on the more recent period. The parties were agreed that use in the later period would cure any absence of use in the earlier period.

Evidence of use of the ATHLETA Combination Mark

68. I need first to deal with the issue of use of variant forms. Athleta has claimed to use the ATHLETA Combination Mark as registered – that is:

    and also in the form of the ATHLETA Dark Pinwheel, shown here:

    and the ATHLETA Purple Pinwheel, shown here:

69. SGD's counsel submitted that, to the extent that the ATHLETA Combination Mark is not entirely descriptive (which I have, above, found not to be the case), it has a very low degree of distinctiveness, such that changes to the pinwheel element, including adding a circular background and/or moving it will change the distinctive character of the mark.

70. I have no hesitation in rejecting these submissions in relation to the ATHLETA Dark Pinwheel. It is clear to me that use of the ATHLETA Dark Pinwheel is use of the ATHLETA Combination Mark. It is obvious looking at the two signs. It is confirmed when following the test set out in the case law. The first step is to identify the differences. There are some minor differences in the thickness of the lettering, and the pinwheel is inverted: in the ATHLETA Combination Mark it is dark on a light background and in the ATHLETA Dark Pinwheel it is light on a darker circle. Do these differences alter the distinctive character of the mark as registered? The aural and conceptual qualities do not differ. To the extent there are differences, they are in the visual qualities as I have set out above. They are minor – the thickness of the font is unlikely to be noticed except on very close inspection, and even then is unlikely to be noticed when the use of brands on clothing is taken into account – often printed or embroidered onto the clothing itself. I also do not consider that the inversion of the dark/light contrasts on the pinwheel device will alter the distinctive character of the ATHLETA Combination Mark, if it is noticed at all, particularly in circumstances where, as I must, I adopt a global assessment that analyses the ATHLETA Combination Mark as a whole, rather than breaking it down into its various details.

71. My findings are different in relation to the ATHLETA Purple Pinwheel. A mark registered in black and white encompasses use in any colour – and so the use in purple is not a relevant difference. If the use of purple were the only difference, that would be a difference that did not alter the distinctive character of the mark. That leaves the different placement of the pinwheel – and, in this case, on the facts before me, I consider that to be a difference that does alter the distinctive character of the mark. For a reasonably circumspect consumer, the details of the roundel will, in my judgment, be less key – what will be key here is the word ATHLETA (the only aural aspect of the mark, and a key part of the visual aspect of the mark). The roundel will not be ignored – and its placement will strike the reasonably circumspect consumer. Thus, moving the pinwheel to be above the word does, in my judgment, alter the distinctive character of the mark. It will be noticed by consumers, who will notice that the ATHLETA Purple Pinwheel is not the same mark as the ATHLETA Combination Mark.

72. Thus, when reviewing the evidence, I have taken use of the ATHLETA Dark Pinwheel to be use of the ATHLETA Combination Mark. I have not taken use of the ATHLETA Purple Pinwheel to be use of the ATHLETA Combination Mark. But I add that in the evidence before me, actual use of the ATHLETA Purple Pinwheel on non-clothing goods/services was slight, such that it would not have made a difference to my overall findings had I considered it to be a relevant variant.

73. I turn now to use of the ATHLETA Combination Mark. Athleta helpfully prepared a detailed schedule of its evidence (which formed Annex 2 of Athleta's counsel's closing skeleton) of use in relation to non-clothing goods. Athleta's counsel submitted that all the evidence I needed was in the schedule, such that I did not have to review the many pages of exhibits to try to find for myself evidence of use in relation to the non-clothing goods. Nevertheless, I did review that evidence, both before and after the trial. The schedule of evidence did not address clothing, nor retail services.

Bags

74. There was very limited evidence of use of the ATHLETA Combination Mark on bags. ATHLETA-branded bags were sold by John Lewis, and, whilst the schedule of evidence shows use of the pinwheel *solus* on the bags on the John Lewis website, it is not used together with the word ATHLETA. The John Lewis invoices and stock figures do not show the pinwheel at all. There is use of the ATHLETA Dark Pinwheel on the Athleta US website in relation to various bags. However, that website is primarily a US-facing website not primarily targeted at UK/EU consumers. Given the comparatively low value of the goods in issue, one would expect some evidence of sales into the United Kingdom/European Union. The evidence was that it was *possible* for a UK/EU customer to buy the ATHLETA-branded bags offered on Gap's US website, but the evidence showed that very few customers actually did so. There was no evidence before me that the particular bags in evidence (which showed the ATHLETA Word Mark alongside the pinwheel device) were sold to consumers in the United Kingdom/European Union (as appropriate), although I accept that some bags were sold to the United Kingdom/European Union. In short, very few UK consumers considered the US-facing website to target them: very few availed themselves of the ability to produce bags. There were uses of the ATHLETA Dark Pinwheel on Athleta's Instagram, Twitter and Facebook pages where bags are also shown, but, again, no evidence of UK/EU consumers accessing those sites, or purchasing those particular bags. In my judgment, having reviewed all the evidence before me, I am unable to accept that Athleta has proved genuine use of the ATHLETA Combination Mark on bags in the United Kingdom/European Union (as appropriate) during the relevant periods. It should therefore be revoked for non-use.

Clothing

75. There is no doubt on the basis of the evidence that Athleta has used the ATHLETA Combination Mark (or a close variant) on clothing in the United Kingdom during the relevant period. Whilst SGD's counsel cavilled with the use in John Lewis, this is clearly use in relation to clothing, during the relevant period, in the United Kingdom. Over £1.1million in ATHLETA-branded products were sold by John Lewis. There were in evidence photographs of the clothing on sale in the stores. Whilst, overall, the partnership with John Lewis was not a complete success for Athleta, I am satisfied that the use, whilst it lasted, was genuine use within the meaning of the TMA. I have taken all of the evidence into account, including of the Sidonios, Impetus, Borderfree and Zalando sales, but even if I had confined

myself to the John Lewis sales, I would still have found genuine use of the ATHLETA Combination Mark in relation to clothing.

Headgear

76. The schedule of evidence contained comparatively little evidence of use of the ATHLETA Combination Mark on headgear. Athleta's solicitors purchased one headband sold under the ATHLETA Dark Pinwheel on 19 May 2022 which was delivered to the United Kingdom by Zalando. There was also evidence of one headband sold through Borderfree into France in October 2016 (that is, before the earlier relevant period). There was some evidence of sales of hats and beanies, but that does not include the ATHLETA Combination Mark or a variation of it.

77. As with bags, there is use of the ATHLETA Dark Pinwheel (a relevant variant) on the US-facing Athleta website, but no compelling evidence of sales into the United Kingdom. In the absence of any (significant) sales, I cannot accept, having reviewed the website evidence, that UK consumers would consider the website to be targeted at them. I similarly disregard the social media postings. The Zalando sales do not show the pinwheel, and are in any event extremely slight.

78. In my judgment, having reviewed all the evidence before me, I am unable to accept that Athleta has proved genuine use of the ATHLETA Combination Mark on headgear in the United Kingdom/European Union (as appropriate) during the relevant periods. It should therefore be revoked for non-use.

Clothing accessories

79. The schedule of evidence showed, under the heading "clothing accessories", water bottles, towels, blankets, gloves, sunglasses and scarves. The question therefore arises as to whether these are clothing accessories at all. The question is answered by asking how the ordinary consumer would describe the goods: *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited*, BL 0/345/10 (Mr Geoffrey Hobbs KC sitting as the Appointed Person). In my judgment, the ordinary consumer would not describe water bottles, towels, blankets or sunglasses as "clothing accessories" – they would describe them as I have set out above.

80. There was also some evidence of use of the ATHLETA Dark Pinwheel in relation to gloves and scarves. I consider that consumers would describe gloves and scarves as clothing accessories. However, the evidence included only 3 or so sales of scarves during the relevant period, only one of which was to the United Kingdom, and with no image of the sale to the United Kingdom, I am unable to identify whether or not the ATHLETA Combination Mark (or a variant) was used.

81. Athleta relied on lists on its website (taken from the Wayback Machine) of goods for sale under the heading "Accessories". Athleta's description of these items as within "Accessories" for the purposes of its website nomenclature is not, in my judgment, determinative. That is a US-facing

website – what matters is how consumers in the United Kingdom would describe the goods. Further, the heading on the website is "accessories" – not "clothing accessories" as appears in the specification.

82. Athleta also relied on the evidence in cross-examination of Ms Nichols, a paralegal at Gap, that towels and blankets were also sold under the ATHLETA Marks. There was no evidence before me as to what device marks were used, and, in any event, in my judgment, a UK consumer would not describe a towel or a blanket at a "clothing accessory".

83. Having reviewed all the evidence before the Court, I am unable to accept that Athleta has proved genuine use of the ATHLETA Combination Mark on clothing accessories in the United Kingdom/European Union (as appropriate) during the relevant periods. It should therefore be revoked for non-use.

Footwear

84. The evidence in relation to footwear was particularly thin. Whilst there were images in the evidence of use of the ATHLETA Dark Pinwheel in relation to sneakers and sandals, that use is all on US-facing websites – the Athleta US website, Instagram, Twitter and Facebook. Of course, UK (or EU) consumers can access those websites, and perhaps even purchase goods from them – but the evidence before the court was of only one pair of sandals being sold to a consumer in Spain, and it is not clear on the face of the evidence that those sandals were ATHLETA-branded (they appear to have been sold under the brand SOLUDOS). In my judgment, UK/EU consumers would not consider these websites to be targeting them for sales of footwear.

85. Having reviewed all the evidence before me, I am unable to accept that Athleta has proved genuine use of the ATHLETA Combination Mark on footwear in the United Kingdom/European Union (as appropriate) during the relevant periods. It should therefore be revoked for non-use.

Retail services

86. Athleta claims use in relation to the following services:

> "retail store services in the field of clothing, footwear, headgear, clothing accessories, bags; providing on-line retailing services and on-line ordering services in the field of clothing, footwear, headgear, clothing accessories, bags."

87. For ease, I will describe the specification prior to the semi-colon as "retail store services" and the specification after the semi-colon as "on-line retail services".

88. In my judgment, Athleta's claim of use in relation to retail store services fails on the basis that a specification for retail store services requires those services to be provided (a) in a store and (b) in relation to the goods of others. John Lewis provides retail store services. However, as I put to counsel during the trial, it does so under the JOHN LEWIS mark, not under the ATHLETA

Combination Mark. Having reviewed carefully all the use relied on in relation to retail store services, in each case I consider it to be use in relation to the goods actually sold (mostly clothing) rather than use in relation to retail store services.

89. In relation to on-line retail services the position is more nuanced, as Athleta relies on the Borderfree invoices, as well as its US-facing website. It also relies on the US-facing website selling third party sandals and water bottles, although there was no (or at least no significant) evidence of any UK/EU purchases of those particular goods. It should be remembered that the relevant part of the specification is as follows:

> "providing on-line retailing services and on-line ordering services in the field of clothing, footwear, headgear, clothing accessories, bags."

90. The US-website evidence does include use of the ATHLETA Dark Pinwheel device, and the Borderfree invoices include the ATHLETA Combination Mark, albeit against a dark background. Almost all of the use is in relation to clothing, rather than bags etc. I keep in mind the authorities which stress that retail services involve gathering together the goods of others – but I do not consider that offering third party sandals and water bottles is sufficient to maintain the full specification, particularly as I do not consider that UK/EU consumers would consider that the US-facing websites were targeting them for sales of sandals and/or water bottles.

91. Therefore, in my judgment, having reviewed all the evidence before me, I am unable to accept that Athleta has proved genuine use of the ATHLETA Combination Mark in relation to:

> "retail store services in the field of clothing, footwear, headgear, clothing accessories, bags; providing on-line retailing services and on-line ordering services in the field of clothing, footwear, headgear, clothing accessories, bags."

in the United Kingdom/European Union (as appropriate) during the relevant periods. The Class 35 specification should be revoked for non-use.

Evidence of use of the ATHLETA Word Mark

92. There was significantly more evidence of use of the ATHLETA Word Mark than there was of the ATHLETA Combination Mark (or variants of it).

Bags

93. I have held above that there is insufficient evidence of use of the ATHLETA Combination Mark on bags to support the validity of that registration. However, I am satisfied that there is sufficient evidence of use of the ATHLETA Word Mark on bags. For example, an extract from the John Lewis website clearly shows bags being sold under the ATHLETA Word Mark as at 30 June 2022 – this is in the United Kingdom and within the

second relevant period. The invoices in the schedule of evidence show sales from Gap to John Lewis, and, whilst the numbers are small, they evidence a clear intention to create or maintain a market for bags under the ATHLETA Word Mark in the United Kingdom. The confidential stock data provided by John Lewis support this conclusion.

94. In my judgment, Athleta has proved genuine use of the ATHLETA Word Mark for bags.

Clothing

95. I have found above that Athleta has used the ATHLETA Combination Mark in the United Kingdom in relation to clothing. Thus, I also find that Athleta has used the ATHLETA Word Mark in the United Kingdom in relation to clothing.

Headgear

96. As with bags, there was more evidence before me of use of the ATHLETA Word Mark on headgear, including the sales of beanies and baseball caps to which I have referred above. There were sales through John Lewis, and whilst numbers were small, they were still appreciable, and demonstrate, in my judgment, an attempt to create or maintain a market for headgear in the United Kingdom during the relevant period.

97. In my judgment, Athleta has proved genuine use of the ATHLETA Word Mark for headgear.

Clothing accessories

98. I have set out above my judgment that an ordinary consumer would not describe as "clothing accessories" water bottles, sunglasses, towels or blankets. I have found that scarves and gloves would be described as "clothing accessories", but that sales were miniscule: 2 or 3 scarves were sold and no sales of gloves into the United Kingdom/ European Union (as appropriate).

99. In my judgment, Athleta has not proved genuine use of the ATHLETA Word Mark for clothing accessories.

Footwear

100. For the same reasons as I have set out above in relation to the ATHLETA Combination Mark, there has been no genuine use of the ATHLETA Word Mark in relation to footwear, and the registration should be revoked. The Borderfree invoice shows one pair of sandals, but they are branded as Soludos. The US-facing website offered some shoes, but there was no evidence of United Kingdom/European Union sales, and it was not clear that the shoes were ATHLETA branded. The social media posts were not targeted at United Kingdom/European Union consumers.

Retail Services

101. For the same reasons as I have set out above in relation to the ATHLETA Combination Mark, I do not consider that Athleta has proved use of the ATHLETA Word Mark in relation to the various retail services. There are no bricks and mortar stores operating under the brand ATHLETA, nor the bringing together of the goods of others under the brand.

Conclusions on proof of use

102. Athleta has proved genuine use of the ATHLETA Combination Mark only in relation to clothing. The remainder of the specification must therefore be revoked for non-use.

103. Athleta has proved genuine use of the ATHLETA Word Mark for bags, clothing and headgear. The remainder of the specification must therefore be revoked for non-use.

104. I consider in each case, having reviewed all the evidence before the Court, that these are fair specifications having regard to the use which has been made of the marks. I should add for completeness that my conclusions would have been the same had I included all of Athleta's variants as use of its marks and/or included Athleta's US-facing websites as use of its marks.

Trade Mark Infringement

105. Athleta alleges trade mark infringement only under section 10(2) of the TMA, which provides:

> "(2) A person infringes a registered trade mark if he uses in the course of trade a sign where because—
>
> (a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or
>
> (b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,
>
> there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark."

106. The parties agreed on the approach to section 10(2) infringement – it is well established. Arnold LJ set out the six conditions to be met in *Match Group LLC v Muzmatch Limited* [2023] EWCA Civ 454:

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.

107. Requirements (i), (ii), (iii) and (v) were not in issue before me (I make some comments about (v) below). Rather, as will be apparent from the list of issues set out at the start of this judgment, the main issues in relation to trade mark infringement were whether the signs used by SGD are similar to the ATHLETA Marks, and whether the use of those signs gives rise to a likelihood of confusion.

108. In relation to requirement (v), similarity of goods or services, SGD conceded that, of the goods it has offered in the United Kingdom under the ATHLECIA Signs:

i) Clothing is identical to "clothing";

ii) Bags are identical to "bags"; and

iii) Headgear and footwear are similar to "clothing".

109. Whilst there was some evidence that SGD has offered other goods in the United Kingdom, including water bottles and yoga matters, these goods were not pleaded by Athleta, and I therefore say no more about them.

The law on similarity of marks and signs

110. I did not detect any differences between the parties on the relevant law the court must apply.

111. The degree of similarity as between mark and sign features twice in the section 10(2) infringement assessment. It appears first as a threshold condition: if there is no similarity between the mark and sign, then the tribunal will not proceed further to assess the likelihood of confusion. However, if there is any element of similarity at this stage, the assessment of likelihood of confusion must be performed. It appears second in the assessment of likelihood of confusion. That is, assuming that the threshold assessment is overcome, the degree of similarity of mark and sign will feed into the global assessment of likelihood of confusion: see Kitchin LJ (as he then was) in *Maier and Anor v Asos plc and Anor* [2015] EWCA Civ 220 at paragraph 73.

112. At paragraph 27(d) of *Muzmatch*, Arnold LJ set out the key points on the comparison of mark and sign:

> "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"

Are the ATHLECIA Signs similar to the ATHLETA Marks?

113. SGD's counsel helpfully provided a chart showing the marks and signs to be compared:

ATHLETA Marks	**ATHLECIA Signs**
ATHLETA 	ATHLECIA  ATHLECIA 

Visual similarity

114. In terms of visual similarity, as accepted by both parties, the textual elements are likely to be dominant in each of the marks/signs. The figurative elements will not go unnoticed in the marks/signs which have them, and, as SGD's counsel pointed out, the figurative elements do differ: he likened Athleta's pinwheel device to a wind turbine or fan whilst he likened SGD's device to a stylised or geometric floral device. He further pointed out that the difference is enhanced by the lack of reflective symmetry in the pinwheel element, which, he said, only has rotational symmetry (and to the relatively unusual order of nine). Whilst this further point is undoubtedly true, in my judgment, it involves a level of dissection that would not be undertaken by the reasonably circumspect consumer of the relevant goods. The two roundels are undoubtedly similar to some degree, in that they are both round devices in a dark shade against a light background. I am unconvinced that the level of analysis proffered by SGD's counsel would occur to the reasonably circumspect consumer. Whilst I have not taken it into account for the purposes of this analysis, I also note that the signs as used by SGD will not always have the clarity that they do in the images above. The evidence included various examples of the ATHLECIA Device printed directly onto clothing, where its clarity is obscured.

115. Returning to the textual element, SGD's counsel conceded that the textual elements are visually similar to a moderate degree. Athleta's counsel pressed

me for a finding that they are visually similar to a high degree. I agree with Athleta's counsel. ATHLETA and ATHLECIA consist of 7 and 8 letters respectively – a difference that is difficult to notice in a mark of that length. The first 5 and the last letters are identical – and courts have consistently held that consumers focus on the beginnings of marks/signs, rather than on the end. In my judgment, the word marks are visually highly similar.

116. Comparing the figurative marks, the textual element is similarly presented – in block capitals, with a sans-serif font with a comparatively light weight (the thickness of the letters) and comparatively wide kerning (the space between letters).

117. I do not consider that the addition of the roundel in each case creates a significant difference between mark and sign. SGD's counsel submitted that the differences between the roundels reduces the similarity to low. I disagree. I consider that the ATHLETA Combination Mark and the Second ATHLECIA Combination are highly similar. There are some obvious differences between the ATHLETA Combination Mark and the First ATHLECIA Combination because the roundel appears over the textual element rather than in front of it – and I have held above that the ATHLETA Purple Pinwheel is not a variant use of the ATHLETA Combination Mark owing to the placement of the roundel. The difference in placement of the roundel will be appreciated by the reasonably circumspect consumer: I do not consider that it will make a significant difference, but it will make some. I therefore assess the similarity between those two signs as medium.

Aural similarity

118. SGD's counsel conceded that aurally, the figurative elements will be ignored. I agree – the reasonably circumspect consumer will make no attempt to pronounce the roundels. Therefore, the aural comparison in each case is between ATHLETA and ATHLECIA.

119. There was some difference between the parties as to how the marks would be pronounced. SGD's counsel submitted that ATHLETA would be pronounced like ATHLETIC but ending in TA as in "tap", whereas ATHLECIA will be pronounced ATH-LEE-SI-A or ATH-LEE-SHE-A. He submitted that the marks are therefore similar to a low to moderate degree. Athleta's counsel submitted that ATHLETA would be pronounced either ATH-LEE-TUH or ATH-LETTER and ATHLECIA would be pronounced either ATH-LEE-SHUH or ATH-LESHER. I do not need to decide how UK consumers are likely to pronounce the marks/signs at issue, and there was no evidence to that effect, despite both brands having been on the market in this jurisdiction. It is possible that, without education, UK consumers will adopt any of the proffered pronunciations. Of course, Athleta and SGD can educate consumers as to how they would prefer their marks to be pronounced (evidence of radio, television or other audiovisual treatment is usual in this regard), but there was no evidence before me of that having happened to date. It seems to me that whatever the pronunciation adopted, in each case, the mark and the sign are highly aurally similar. On all rival pronunciations, the first syllable (the most important) is identical. The difference in

pronunciation between LEE and LE appears greater on the page than it is likely to be when heard. In each case, the pronunciation ends with a flat vowel: -UH, -ER or -A.

Conceptual similarity

120. SGD's counsel submitted that the marks are conceptually different (to the extent that Athleta's marks are not entirely descriptive). I have already held that they are not entirely descriptive. He submitted that it was "not a stretch" to suggested that ATHLETA will be seen as meaning a female athlete. I reject that submission. ATHLETA is, as both sides agreed, not a known English word. It clearly is derived from "athlete" or "athletic/s". These words come from the Greek: athlos meaning "contest" and athlon meaning "prize". Whilst some may understand that some languages use -a as a feminine ending (for example, Latin and Italian), the reasonably circumspect consumer is unlikely to undertake that level of linguistic gymnastics in order to assess the word ATHLETA. Rather, in my judgment, they will see ATHLETA as a made up word based on "athlete" or "athletic/s", particularly when used in relation to activewear. In my judgment, the same is true of ATHLECIA. SGD's counsel submitted that consumers will see ATHLECIA as a clever mis-spelling of "athleisure" – pointing to the goods themselves rather than to the person who might wear them. I do not accept that submission. In my judgment, ATHLECIA will be seen as a made up word based on "athlete" or "athletic/s" particularly when used in relation to activewear. The marks are therefore conceptually highly similar.

Overall comparison

121. I must now stand back and assess the marks/signs in the round, taking into account their visual, aural and conceptual similarity. In doing so, I take into account that the goods in issue (primarily clothing and bags, but the position is no different for headgear, footwear etc) are purchased primarily visually – usually browsing in a store (there was evidence in the form of photographs from within John Lewis) or online. In neither case will the goods be purchased primarily orally (as might be the case for tobacco products purchased from behind the counter or a beverage ordered in a bar). Therefore, in reaching my overall assessment, the aural comparison will be less important than the visual and conceptual comparison. In my judgment:

    i) ATHLETA and ATHLECIA are highly similar;

    ii) ATHLETA and the First ATHLECIA Combination Mark are moderately similar;

    iii) ATHLETA and the Second ATHLECIA Combination Mark are moderately similar;

    iv) the ATHLETA Combination Mark and ATHLECIA are moderately similar;

v) the ATHLETA Combination Mark and the First ATHLECIA Combination Mark are moderately similar; and

vi) the ATHLETA Combination Mark and the Second ATHLECIA Combination Mark are highly similar.

Similarity of goods/services

122. I have set out above the concessions made by SGD in relation to the identity/similarity of goods. Those concession were properly made, and, for what it is worth, I agree with them.

123. Given my findings on genuine use (particularly in relation to the ATHLETA Combination Mark), I need to say something more. In addition to the concessions made, in my judgment:

i) Bags (at least as sold by SGD) are similar to clothing, to a moderate degree – on the basis of the evidence before me, they have the same distribution channels, same sales outlets, are produced by the same entities, and are used at the same time (including to carry the clothing in issue in these proceedings); and

ii) Headgear and footwear (at least as sold by SGD) are similar to clothing to a moderate degree.

The law on likelihood of confusion

124. I did not detect any differences between the parties on the relevant law the court must apply to assess likelihood of confusion.

125. Athleta's counsel referred me to the list of principles emerging from the CJEU's case law on the likelihood of confusion which is typically applied by the UKIPO, and which was approved by the Court of Appeal in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24:

> "(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 be dominated by one or more of its components;
>
> (f) however, it is also 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 great 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."

126. The Court of Justice has added further guidance in Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507 that the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion for the purposes of the provision: see *Maier and Anor v Asos plc and Anor* [2015] EWCA Civ 220.

The average consumer

127. The parties agreed as to the identity of the average consumer – a female member of the public. Birss J (as he was then) summarised the approach to

the average consumer in *Hearst Holdings Inc v AVELA Inc* [2014] EWHC 439 (Ch) at [60]:

> "The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words "average" denotes that the person is typical. The term "average" does not denote some form of numerical mean, mode or median."

128. SGD's counsel also reminded me of the following comment of Mr Recorder Douglas Campbell KC (sitting as a Deputy High Court Judge) in *easyGroup Limited v Easyway SBH* [2021] EWHC 2007 (IPEC):

> "…the average consumer for the purposes of an infringement claim must be a consumer of the goods and/or services who is both (i) familiar with the trade mark and (ii) exposed to, and likely to rely upon, the sign: see *Sky plc v SkyKick UK* [2018] EWHC 155 at [275]. However this does not mean that the average consumer must correspond to the defendant's own actual customers. The average consumer is determined by reference to the goods and services for which the trade mark is registered, not by reference to the quirks of any individual defendant's business."

129. The average consumer of clothing, bags etc is neither unusually considered (as one might be when purchasing a car) nor unusually inattentive (as one might be when purchasing a chocolate bar). As mentioned above, clothing, bags etc are usually purchased in store or online. If purchased in store, clothing etc will often be tried on prior to purchase. Clothing, bags etc are usually sold on racks, not in outside packaging, such that the consumer is able to hold the product, and, if so minded, take a good look at any branding – including on neck labels and swing labels if appropriate. For purchases online, consumers will be aware of the ability to return the goods if they are not satisfied with them.

130. There was something of a suggestion in the evidence and SGD's skeleton argument that Athleta's goods are offered at a different price point to SGD's and that therefore the average consumer might be different. I reject this submission as a question of law – Athleta's trade mark specification is for "clothing" (amongst other things) – not for clothing at a particular price point. In any event, both sets of products retail at roughly similar prices, albeit that Athleta's products are, on average, slightly higher priced. I do not consider that this make any differences to the identity of the average consumer.

Imperfect recollection

131. In assessing likelihood of confusion, the tribunal does not assume that the average consumer has an opportunity to place the mark and the allegedly-infringing sign next to one another. Rather, the average consumer has only an "ordinary memory" and the assessment of the likelihood of confusion must take account of the consumer's imperfect recollection of the mark when that consumer then encounters the sign.

What proportion of average consumers must be confused?

132. Counsel for Athleta also reminded me (citing *Interflora Inc v Marks and Spencer plc* [2014] EWCA Civ 1403) that the question for the tribunal is whether a significant proportion of average consumers would be confused:

i) there is no single, "average" consumer who forms a single impression, and the test is not a statistical one;

ii) a finding of a likelihood of confusion is not precluded by the fact that many – perhaps even a majority – of consumers would not be confused; and

iii) the ultimate question is whether a significant proportion of the public is likely to be confused, which justifies the court's intervention.

133. In *Interflora*, Kitchin LJ (with whom Patten LJ and Sir Colin Rimer agreed) said:

> "129. As we have seen, the average consumer does not stand alone for it is from the perspective of this person that the court must consider the particular issue it is called upon to determine. In deciding a question of infringement of a trade mark, and determining whether a sign has affected or is liable to affect one of the functions of the mark in a claim under art.5(1)(a) of the Directive (or art.9(1)(a) of the Regulation), whether there is a likelihood of confusion or association under art.5(1)(b) (or art.9(1)(b)), or whether there is a link between the mark and the sign under art.5(2) (or art.9(1)(c)), the national court is required to make a qualitative assessment. It follows that it must make that assessment from the perspective of the average consumer and in accordance with the guidance given by the Court of Justice. Of course the court must ultimately give a binary answer to the question before it, that is to say, in the case of art.5(1)(b) of the Directive, whether or not, as a result of the accused use, there exists a likelihood of confusion on the part of the public. But in light of the foregoing discussion we do not accept that a finding of infringement is precluded by a finding that many consumers, of whom the average consumer is representative,

> would not be confused. To the contrary, if, having regard to the perceptions and expectations of the average consumer, the court concludes that a significant proportion of the relevant public is likely to be confused such as to warrant the intervention of the court then we believe it may properly find infringement."

Assessment of likelihood of confusion

134. The parties were agreed that the date on which likelihood of confusion must be assessed is 30 November 2021, the date on which the allegedly infringing use commenced.

135. Before turning to the primary question I need to determine, it is convenient at this point to deal with a number of issues raised in the evidence and in submissions.

Dictionary and market evidence

136. As noted above, SGD relied on witness statements from two of its solicitors as showing that the marketplace is crowded with entities selling clothing under ATHLET+ signs and in the athleisure sector. As a first point, I accept Athleta's counsel's submission that this point was not pleaded, and ought to have been had SGD wished to rely on it. I therefore deal very briefly with the evidence which was said to go to this point.

137. The first witness statement, from Ms Allport, provided various dictionary definitions of the words "athlete" and "athletic", alongside some online searches of the term "athleisure". Athleta's counsel described this evidence as "selective, incomplete, and mostly not directed at the relevant date or jurisdiction". I accept those submissions - there were inaccuracies in Ms Allport's witness statement and limitations as to how far it went, but, in the end, nothing turned on it. I was already aware of the meaning of the words "athlete", "athletic/s" and "athleisure" and aware that they were all in use in the United Kingdom prior to 30 November 2021. I was not aware that ATHLEISURE was registered as a trade mark in the United Kingdom in 1991 for "[a]rticles of sports and leisure clothing; articles of outer-clothing; T-shirts, sweatshirts and vests; footwear; all included in Class 25". I make no comment as to the likely validity or otherwise of that trade mark, because it does not matter for present purposes.

138. I do not, in any event, see how Ms Allport's witness statement assists me on the question of likelihood of confusion (which is a matter for the tribunal) – the marks/signs in issue before me include ATHLETA and ATHLECIA – not "athlete", "athletic/s" or "athleisure". I have found above that reasonably circumspect consumers of activewear (including clothing, bags, etc) will recognise that both ATHLETA and ATHLECIA are made up words deriving

from "athlete" or "athletic/s" and that they will not consider ATHLECIA to be a clever play on "athleisure". Those findings are sufficient for present purposes.

139. Mr Strickland's written evidence related to use of the word ATHLETICA – again, a word which on its face is derived from "athlete" or "athletic/s" (and also, in my judgment will, not be understood as a clever play on "athleisure") – but ATHLETICA is not in issue in these proceedings. The evidence was flawed – whilst various on-line uses of ATHLETICA as part of a brand were highlighted, most of that use was not in the United Kingdom, and not in the relevant time period. Again, even at its highest, I do not consider that this evidence assists me. In any event, I do not consider it established that there is a crowded market in ATHLETICA-branded clothing in the United Kingdom.

140. After the trial, I received written submissions from both sides following the Court of Appeal's written reasons being published as *Lifestyle Equities CV and Ors v Royal County of Berkshire Polo Club Limited* [2024] EWCA Civ 814. The Court of Appeal had on 9 July 2024 rejected Lifestyle Equities' appeal from the judgment of Mellor J. I was asked by SGD's counsel to read paragraphs 34 to 58 (which I have done). He did not seek to make any additional arguments based on the Court of Appeal's judgment – but he did wish it to be drawn to my attention. Athleta's counsel submitted briefly in writing that *Lifestyle Equities* does not assist me, because on the facts of this case, there was no or insufficient evidence of a crowded market. I agree with that submission. I set out my views below on the distinctiveness of the ATHLETA Marks relied on – but on the evidence before me, this is not a case about crowded markets.

Ms Gelardi's intention

141. As set out above, Ms Gelardi developed the ATHLECIA brand at SGD. She gave written evidence and was cross-examined on it. Her evidence included the fact that the brand was initially called ENDURANCE ATHLETICA, was then changed to ENDURANCE ATHLECIA, and then to ATHLECIA *solus*.

142. Athleta's pleadings included an allegation that SGD adopted the ATHLECIA Signs with an intention to create a likelihood of association between the brands . I can deal with this allegation swiftly because it was not, in my judgment, made out on the evidence. At best, it was suggested that Ms Gelardi might have been subconsciously influenced by seeing two emails from colleagues and some images from Pinterest – but Ms Gelardi was categorical in her rebuttal of this suggestion. I can find no evidence at all that SGD adopted the ATHLECIA brand in order to create a likelihood of association or, indeed, confusion.

Other disputes and Mr Jeppesen's approach

143. There was evidence before me that SGD has been involved in other branding disputes. This does not surprise me – it is a large, multi-national organisation with a large number of brands in a competitive market. There was also criticism of Mr Jeppesen for his evidence that he expected to have more

branding disputes in the future. Again, this does not surprise me, for the same reasons I have given above. Neither fact goes anywhere near a choice by SGD to sail close to the wind.

Evidence of actual confusion

144. There was no evidence before me of actual confusion. As is usual when that is the case, each side explained it as not detrimental to their case. I accept those submissions – whilst I have found sufficient evidence to support genuine use of the ATHLETA Marks for some goods, this was not use in the United Kingdom on a grand scale from which any actual confusion would be likely to become apparent.

Ms Bonde's email

145. As mentioned above, Ms Bonde is a former employee of SGD who gave evidence in the proceedings about an email which she sent to a Ms Harman on 6 October 2020. Ms Bonde was cross-examined on her email. Whilst there were some minor differences in the translations used for the email (which had been written in Danish), in my judgment they do not matter for present purposes. The email read:

> "I'm reaching out because I was taken aback when Heidi seemed unaware of the source of inspiration for Athlecia. It was Lone and she who discussed logos for Fort Lauderdale [another SGD brand], and Heidi expressed concerns about Lone's design resembling a major brand, prompting Lone to mention the similarity between Athlecia and Gap's Athleta. This left me feeling uneasy as if she wasn't aware of the discussion. I recall being in the US around the time Athlecia was conceived, and both Heidi and Juliana were informed. Therefore, I assumed that Bjarne had already formed an opinion on the matter, and I hope the same applies to you now, with appropriate measures possibly taken regarding Athlecia's growth and potential implications. Nevertheless, I felt a pang of concern that you might not have been aware of it. It's likely all in order; I was just surprised that Heidi appeared completely oblivious – especially considering her typically sharp memory and knowledge."

146. Counsel for Athleta relied on this email to demonstrate that, prior to the relevant dates, there were several people at SGD who had "actively engaged" with the issue of the potential conflict between ATHLECIA and ATHLETA. He said it also indicated SGD's "casual attitude to brand disputes".

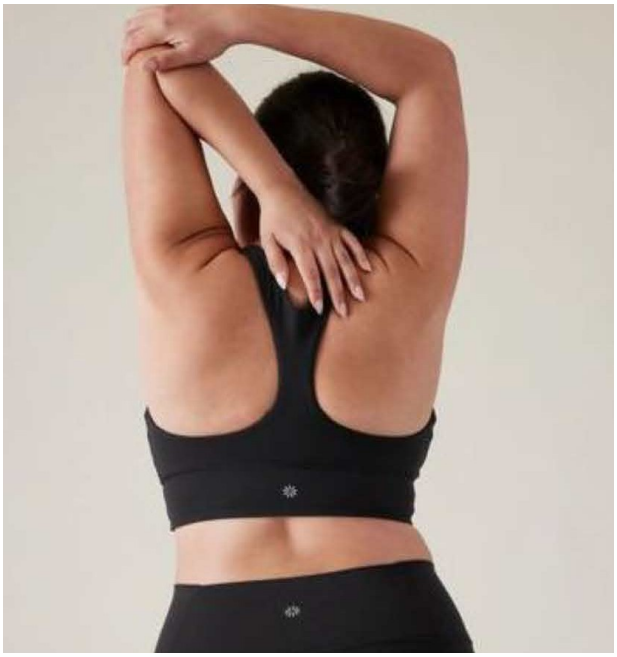
147. Having read and carefully listened to Athleta's counsel's submissions, I do not accept them. I have to decide whether UK consumers are likely to be confused. Ms Bonde is not a UK consumer. A person working for a brand is much more likely than the average consumer to notice a third party brand that may have some similarities (as ATHLETA and ATHLECIA undoubtedly have, as I have already determined), and a conscientious employee may well

report that up the chain of command. I have before me no evidence of what happened then – nor do I consider that it matters. I do not consider that Ms Bonde's email, even if given the interpretation Athleta's counsel urges on me, gets anywhere near to demonstrating an attitude of living dangerously, or a "casual attitude to brand disputes", even when taken together with the other evidence put forward to support these submissions. I mentioned to Athleta's counsel during argument that I was concerned that this issue was a sideshow – having listened carefully to both sides, and reviewed all the material, I have now come to that concluded view.

Third party use of roundels on clothing

148. As noted above, Athleta does not claim trade mark rights in the pinwheel roundel on its own. The pinwheel roundel forms part of the ATHLETA Combination Mark – but that is in combination with the word ATHLETA.

149. There was evidence before me that both Athleta and SGD place a roundel above the buttocks or between the shoulder blades on various garments. Examples are shown here:



150. I was also taken to various comparisons in an attempt to demonstrate that Athleta and SGD sell their garments in a similar way – the example below is one of eleven such examples I was given (the Athleta garment is on the top and SGD's garment is on the bottom):

151. Athleta's counsel submitted that this was relevant context that I should take into account: he said "these make absolutely plain that the context of the sort of business – the sort of trade – the Defendants are doing matches very closely with that of the Claimant, meaning a considerable likelihood of confusion/misrepresentation."

152. There was no evidence before me that SGD adopted the placement of its roundel above the buttocks or between the shoulder blades having seen the placement of Athleta's roundel – indeed, there was no allegation of copying in this regard. SGD's counsel submitted that if SGD had set out to copy the ATHLETA brand, there would have been documents to that effect in disclosure – there were none. I accept that submission. Further, there was some evidence that other third party activewear brands also use roundels, including positioned above the buttocks (Athleta conceded that Lululemon, Alana, Southern Athletica and Boom Boom use small round devices on clothing). Further, this was not a case where it was alleged that the defendant had copied the claimant's designs and used the same models, in the same poses, in the same locations: see *Original Beauty Technology Company Limited and Anor v G4K Fashion Limited and Ors* [2021] EWHC 294 (Ch). Further, it was readily apparent to me that the eleven examples given were likely to be eleven of the best, in circumstances where both entities have sold hundreds of different garments under their brands.

153. Whilst I have taken context into account, I do not consider that the specific examples provided by Athleta assist me to any meaningful extent. Whilst I am conscious that I must take context into account, there are elements of context which are common to all brands, and so will not increase or decrease the likelihood of confusion for the reasonably circumspect consumer. For example, there was evidence before me that both brands advertise their products using women in sporty poses – this is common in the industry. So whilst it is context, it does not take things one way or the other. The position is similar with roundels and their placement. There was no evidence that use of a roundel was a stand-out feature of the ATHLETA brand in which goodwill or reputation would subsist (or was claimed) – nor was there evidence that consumers recognise the ATHLETA brand by the placement of the roundel above the buttocks or between the shoulder blades. Neither is therefore likely, in my judgment, to increase the likelihood of confusion.

Other cases on infringement

154. The assessment of likelihood of confusion is done on a case by case basis. I must decide on the basis of the evidence before me whether there is a likelihood of confusion in this case. Both sides referred me to judgments in other cases where a likelihood of confusion had or had not been found. These cases included:

    i) *Burgerista Operations GmbH v Burgista Bros Limited and Ors* [2018] EWHC 35 (IPEC). In that case, the claimant's registered mark was BURGERISTA and the alleged infringement was BURGISTA. The Court (HHJ Hacon (sitting as a High Court Judge)) dismissed the counterclaim for invalidity on the basis of descriptiveness – the

defendant had submitted that BURGERISTA was a combination of "BURGER" with "-ISTA", the suffix indicating a maker or similar of the product it suffixed (such as "barista"). Having rejected the counterclaim for invalidity, the Court found infringement.

ii) *Oatly AB and Anor v Glebe Farm Foods Ltd* [2021] EWHC 2189 (IPEC). In that case, the registered trade marks were OATLY or OAT-LY! and the alleged infringement was PUREOATY – there was a finding of no likelihood of confusion with the Court (Mr Nicholas Caddick KC sitting as a Deputy High Court Judge) confirming that where signs consist of descriptive elements, what makes the sign as a whole distinctive is the addition of an element which creates something that is no longer descriptive.

iii) *Combe International LLP v Dr August Wolff GmbH and Co KG Arzneimittel* [2021] EWHC 3347 (Ch) (Adam Johnson J) affirmed by the Court of Appeal at [2022] EWCA Civ 1562 – where VAGISIL and VAGISAN were held to be confusingly similar, despite the VAGI- portion of each mark referring to the purpose of the goods.

iv) O/0025/24 *Katjes Fassin GmbH & Co KG* – where CHOOEE and CHOOEY for confectionary were held to be confusingly similar by a UKIPO Hearing Officer.

v) T-149/21 *UGA Nutraceuticals Srl v EUIPO* [2022] ECR II-0000 in which UGA's mark VITADHA was opposed on the basis of VITANADH – the opposition succeeded in part, even though the VITA- element of the mark was allusive and weakly inherently distinctive (this decision of the General Court was handed down shortly after IP completion date and so it not binding on me, but Athleta's counsel suggested it should still be persuasive).

vi) C-705/17 *Patent- och registeringsverket v Mats Hansson* [2019] ECR I-0000 a case about disclaimers involving a figurative mark which included the words RoslagsPunsch (Roslags being an area of Sweden and Punsch being a type of alcoholic drink as covered in the specification).

155. I do not consider that these cases assist me *on their facts*. To the extent they apply principles set out by the Court of Justice and/or the Court of Appeal, I will apply the same principles here, but the facts as found by those Courts cannot assist me here.

Distinctiveness of ATHLETA and ATHLECIA

156. In *Lifestyle Equities*, Arnold LJ (with whom Baker and Nugee LJJ agreed) dealt with the issue of distinctiveness at paragraphs 36 and following:

"*Distinctive character of the trade mark*

> 36. The starting point here is sub-paragraph (h) of the standard summary set out in paragraph 11 above. This principle was first stated in Case C-251/95 *SABEL BV v Puma AG* [1997] ECR I-6191 at [24]: "the more distinctive the earlier mark, the greater will be the likelihood of confusion". It was more fully stated in Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507 at [18]:
>
> > "… according to the case-law of the Court, the more distinctive the earlier mark, the greater the risk of confusion (*SABEL*, paragraph 24). Since protection of a trade mark depends, in accordance with Article 4(1)(b) of the Directive, on there being a likelihood of confusion, marks with a highly distinctive character, either per se or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character."
>
> 37. This principle has been repeated and applied in countless subsequent decisions of the CJEU and the General Court. It is settled law in the EU. It is also firmly established in the case law of this Court. As Kitchin LJ put it in *Comic Enterprises Ltd v Twentieth Century Fox Film Corp* [2016] EWCA Civ 41, [2016] FSR 30 at [34](iv), "the issue of a trade mark's distinctiveness is intimately tied to the scope of the protection to which it is entitled".
>
> 38. Although the principle is usually stated in the form set out above, it is common ground that the converse proposition is equally true: trade marks with a less distinctive character enjoy narrower protection than marks with a highly distinctive character.
>
> 39. The converse proposition manifests itself in a variety of ways. Perhaps the most common way is where the trade mark is allusive to the goods or services in question. Contrary to the submission of counsel for the Claimants, however, the principle is not confined to that situation. For example, it is well established that, if the only similarity between the trade mark and the sign (or between the trade marks, as the case may be) is a common element which has low distinctiveness, that points against there being a likelihood of confusion: see *Whyte & Mackay Ltd v Origin Wine UK Ltd* [2015] EWHC 1271 (Ch), [2015] FSR 33 at [44]. The common element may have low distinctiveness because it is descriptive or allusive, but that need not be the case."

157. As I have pointed out above, both ATHLETA and ATHLECIA are based on the words "athlete" or "athletic/s" and are used in relation to clothes aimed at athletes – that will be understood by the reasonably circumspect consumer.

This is made clear by the various websites that were in evidence – both sides' websites show women wearing the relevant clothing in various yoga poses. An example is shown here:

158. Neither brand is marketed at elite athletes, and in each case the clothing is expressed to be appropriate for other purposes, but neither side denies that it sells activewear under its brand.

159. The case law makes it clear that the distinctiveness or otherwise of the marks is a factor to take into account – and so I must do so. In the words of Arnold LJ in *Lifestyle Equities*, "if the only similarity between the trade mark and the sign … is a common element which has low distinctiveness, that points against there being a likelihood of confusion … The common element may have low distinctiveness because it is descriptive or allusive." In my judgment, that is the case here. The common element between ATHLETA and ATHLECIA is ATHLE. I have found that the reasonably circumspect consumer of clothing, bags etc will consider that to be a reference to "athlete" or "athletic/s". The average consumer will therefore pay close attention to the suffixes of the two marks (as the General Court held in Case T-149/06 *Castellani SpA v OHIM* [2007] ECR II-4755 in relation to the marks CASTELLANI and CASTELLUCA for alcoholic beverages). Put another way, a registration for a trade mark which includes a descriptive element does not allow its proprietor to prevent third parties using the descriptive term, or trade marks based on the descriptive term, so long as the signs they use can be distinguished.

160. The position may differ where a trade mark has acquired enhanced distinctiveness through use – but that is not the case here, as Athleta conceded.

Discussion

161. Pulling all this together, then standing back as I must, I have reached the conclusion on the basis of the evidence before me that there is no likelihood of confusion between the ATHLETA Word Mark and ATHLECIA when used in relation to clothing, bags etc. I have conducted a multifactorial assessment based on the case law cited to me and all the evidence in the case. Whilst the ATHLETA Word Mark and the word ATHLECIA are highly aurally, visually and conceptually similar, and the goods sold by SGD in the United Kingdom are identical or similar to those for which the ATHLETA Word Mark remains registered following the non-use attack, the likelihood of confusion analysis also requires me to take into account (in addition to all the factors set out above) the distinctiveness of the mark and the sign – and here, both are weakly distinctive. Of course the ATHLETA Word Mark is sufficiently distinctive to be registerable in relation to clothing, bags etc (as I have found already) but it is not entitled to a scope of protection so broad as to encompass ATHLECIA. In my judgment, in order to infringe, a sign used by a third party would have to be closer to the ATHLETA Word Mark than ATHLECIA. ATHLETA, as Athleta's counsel (quite rightly) conceded, does not get the broad scope of protection attributable to highly distinctive marks, such as KODAK. This is the case whether the goods being compared are similar or identical. I do not consider that a significant proportion of average consumers would be confused.

162. I have reached a different conclusion in relation to the ATHLETA Combination Mark when compared to the Second ATHLECIA Combination Mark. These are shown here:

ATHLETA vs ATHLECIA

163. In my judgment, the roundel makes a difference to the overall assessment, and not in the way that SGD's counsel submitted. In my judgment, the roundels are sufficiently similar, particularly taking into account imperfect recollection (as I must), to *increase* the likelihood of confusion. I do not consider that a reasonably circumspect consumer is likely to be confused where the goods are only similar – but I do consider that that likelihood exists where the goods are identical. I have already struck out the ATHLETA Combination Mark for almost all of the goods/services for which it was registered (some by consent). All that remains of that specification is "clothing" in Class 25. In my judgment, there will therefore be a likelihood of confusion where SGD uses the Second ATHLETA Combination Mark in relation to clothing.

164. As set out above, the placement of the roundel makes a difference, so I do not consider that there is a likelihood of confusion as between the ATHLETA Combination Mark and the First ATHLECIA Combination, even for identical goods.

Is the function of the trade mark affected?

165. Whilst this was denied by SGD, I do not understand it to be a stand-alone point – it was denied because a likelihood of confusion was denied. Given that I have found a likelihood of confusion in relation to one of the ATHLETA Marks and one of the ATHLECIA Signs, it follows that the essential functions of the trade mark are affected.

Conclusion on trade mark infringement

166. The Claimant's trade mark infringement claim succeeds in relation to use of the Second ATHLECIA Combination Mark in relation to clothing, but otherwise fails. I add for completeness that my conclusions would have been the same even had I given greater weight to the dictionary and market (context) evidence presented by both sides.

Passing Off

167. As set out at the start of this judgment, Athleta claims to own goodwill in the United Kingdom in the following four signs:

i) ATHLETA;

ii) 

;

iii) 

; and

iv) 

.

168. Athleta does not rely on goodwill in its pinwheel device on its own, but it says, as it did in relation to trade mark infringement, that SGD's use of a pinwheel device placed above the buttocks and between the shoulder blades on garments is a further factor which increases the likelihood of a material misrepresentation.

169. In his closing speech, Athleta's counsel confirmed that Athleta only alleged goodwill in clothing and bags.

170. The parties were agreed that the relevant date for assessing goodwill for the purposes of passing off was 30 November 2021.

The law

171. The law on passing off was not in dispute. I gratefully adopt the convenient summary HHJ Melissa Clarke (sitting as a High Court Judge) set out in *Discount Outlet v Feel Good UK* [2017] EWHC 1400 IPEC:

> "The elements necessary to reach a finding of passing off are the 'classical trinity' of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.
>
> In relation to deception, the court must assess whether "a substantial number" of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21)."

Goodwill

172. In *IRC v Muller & Co's Margarine* [1901] AC 217 (HL) at 223, Lord Macnaghten said:

> "What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates."

173. The goodwill must be in the United Kingdom: *Starbucks (KH) Ltd v British Sky Broadcasting Group Plc* [2015] UKSC 31. There is no need for the public to know or to be able to identify the particular entity that owns the goodwill: *Birmingham Vinegar Brewery Company Limited v Powell* [1897] AC 710 (HL) at 715.

174. Counsel for Athleta relied on a number of cases where a very small amount of business was held to be sufficient to establish a goodwill:

    i) *Stannard v Reay* (1967) FSR 140, where a mobile fish-and-chip seller had traded for three weeks;

    ii) *WH Allen v Brown Watson Ltd* (1965) RPC 191, where a book had been advertised for one and a half months;

    iii) *Chelsea Man Menswear Limited v Chelsea Girl Limited (No 1)* [1985] FSR 567, where Whitford J in this court said "[a] trader operating through a small number of outlets selling articles of the quality described by Mr. Shaw and a number of other witnesses at relatively high prices as compared with the goods sold in multiples is as much entitled to protect his brands and business name as any large concern"; and

    iv) *Lumos Skincare Limited v Sweet Square Ltd and Ors* [2013] EWCA Civ 590 where the claimant had sold between £2,000 and £10,000 worth of product per quarter. The majority of the Court of Appeal (Lloyd and McFarlane LLJ) emphasised that even a limited business with limited goodwill can protect it by a passing off claim.

175. I readily accept the principles that Athleta's counsel drew from those decisions – that there is no *de minimis* rule, and even small amounts of trading can establish goodwill. But I accept SGD's counsel's submission that each of these cases turns on its facts, and none of them can tell me whether or not Athleta has established actionable goodwill in this case.

Misrepresentation

176. Again, the parties were agreed as to the law relating to misrepresentation: the defendant's representation must be one that is likely to lead a substantial proportion of the relevant public to believe that his/her goods/services are in fact those of the proprietor of the goodwill. As Lord Oliver said in *Jif Lemon*:

> "[The plaintiff] must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name."

177. It is therefore not a necessary ingredient of passing off that the misrepresentation was deliberate. As there is no tort of attempted passing off

(if there is in fact no misrepresentation), unintentional misrepresentation is actionable, and the defendant's state of mind is strictly irrelevant: see for example *AG Spalding & Bros v AW Gamage Ltd* (1915) 32 RPC 273 (HL).

Damage

178. SGD accepted that if misrepresentation was proven, at least some type of relevant damage would follow (diversion and erosion). I therefore say no more about it.

Assessment

179. It is convenient to deal first with certain legal submissions made by the parties.

John Lewis sales

180. There was a suggestion from SGD's counsel that the sales through John Lewis would be understood by consumers to be sales of a John Lewis home brand, such that no goodwill would attach to the ATHLETA Signs. I reject that submission – the law of passing off does not require the relevant consumers to be aware of to whom the goodwill attaches, therefore any such perception, were it to be established on the facts, would be entirely irrelevant. It was not, in any event, established on the facts before me. The photographs of the John Lewis store clearly show clothing being sold under various of the ATHLETA Signs.

Zalando sales

181. There was evidence before me that sales through Zalando were fulfilled by Athleta through the Gap Distribution Centre in Rugby in the United Kingdom. Counsel for Athleta submitted that goodwill was created as a result of the transaction, even if the relevant "customer" was Zalando. Athleta's counsel relied on a decision of Mr Nicholas Caddick KC (sitting as a deputy High Court judge) in *Turbo-K Ltd v Turbo-K International Ltd* [2020] EWHC 2078 (Ch). In that case, involving cleaning solution for turbine machinery, Mr Caddick found that goodwill could still be accumulated from sales in the United Kingdom, even if the goods were then exported without having been sold to consumers in the United Kingdom. Counsel for Athleta drew two points from Mr Caddick's judgment – first, that sales to someone in the United Kingdom, even if the goods were merely turned over with a view to resale outside the United Kingdom, suffices to generate protectable goodwill for the purposes of passing off, and second, that the fact that the sales were to a partner entity (a reseller or distributor) did not disqualify it from generating goodwill in the United Kingdom. Here, this is relevant to the Zalando sales which took place in Rugby at the Gap Distribution Centre. I have not needed to rely on the Zalando sales for the conclusion I have reached but, I am prepared to accept (without deciding the point) that those

sales could contribute to the goodwill that Athleta was trying to build in the ATHLETA brand in the United Kingdom.

SGD's state of mind

182. Athleta submitted that SGD had "sailed close to the wind" or "lived dangerously". Arnold LJ (sitting at first instance) surveyed the law on the relevance of the state of mind, intentions and risky behaviour of a defendant in a passing off action in *Glaxo Wellcome UK Ltd and Anor v Sandoz Ltd and Ors* [2019] EWHC 2545 (Ch) at [182]-[189]. After analysing Kitchin LJ's judgment in *Specsavers*, Arnold LJ said:

> "Kitchin LJ was careful in this passage not to say that a conscious decision on the part of the defendant to live dangerously could never support a claim for passing off. Counsel for Glaxo submitted that the relevance of such a state of mind was that it showed that the defendant, as a person who knew the relevant market, was aware of the risk of deception and proceeded recklessly in the sense of not taking care to avoid that risk materialising. Counsel for the Defendants submitted that, if the defendant showed that he did not want his customers to be deceived, that was probative of a lack of a likelihood of deception. In my judgment this is precisely why Kitchin LJ said that it all depended on the facts of the case. If it is proved that the defendant was aware of the risk of deception and proceeded recklessly, then that is capable of supporting the conclusion that deception was likely even if the defendant did not intend to deceive. If, however, what is proved is that the defendant was aware of the risk, but thought that he had done sufficient to avoid it materialising, then that is not supportive of the conclusion that deception was likely, but rather of the reverse."

183. Athleta's counsel relied on two circumstances which he said demonstrated SGD's living dangerously and/or sailing close to the wind:

a) several of Mr Jeppesen's colleagues had noticed the similarity between ATHLETA and ATHLECIA and had escalated their concerns within SGD; and

b) what was said to be Mr Jeppesen's "unusually casual attitude not just to this branding dispute but to SGD's getting mixed up in branding disputes generally".

184. I have set out above my findings in relation to this evidence as it concerns trade mark infringement. I do not consider Mr Jeppesen to have had an unusually casual attitude to branding disputes – and even if I had, that would be insufficient in my judgment to establish living dangerously or sailing close to the wind. In relation to Ms Bonde's email, my judgment in relation to passing off is the same as it was in relation to trade mark infringement – I do not consider there to be anything "wrong" with an employee noticing a

potential similarity between her company's sign and a sign used by another company, and reporting that up the hierarchy. Indeed, one would expect that is what a conscientious and competent employee might do. It does not indicate passing off, misrepresentation (particularly when that person is not a UK consumer), living dangerously or sailing close to the wind. I can find no evidence at all that SGD was aware of any risk of deception/misrepresentation and/or proceeded recklessly. SGD's counsel made a further point – that passing off is only alleged against the Second Defendant, Jarrold, with whom the First Defendant, SGD has accepted that it is jointly and severally liable. Thus, he submitted, SGD's state of mind is irrelevant – because it is Jarrold's state of mind that matters, not SGD's. Given my finding above, I do not need to form a view on this point.

185. I turn now to goodwill. The date for assessment of goodwill is different from that for the purposes of use of the trade mark – I have therefore taken care in assessing the evidence of use. I have also kept in mind that use in the European Union which may be relevant to assessment of genuine use of the trade marks will not be relevant for the purposes of goodwill.

Goodwill in ATHLETA

186. Taking all this into account, it seems to me that Athleta has established goodwill in ATHLETA in relation to clothing (it was also not argued by either party that I should attempt to allocate goodwill to a subset of clothing, such as "women's activewear"). The John Lewis sales were, in my judgment, sufficient to establish the ATHLETA Word Mark as an attractive force that brings in custom. I therefore do not need to consider the other uses which were said to contribute to goodwill, such as the US-facing website, or the sponsorship of the USA women's water polo team at the London Olympics in 2012. In my judgment, taken as a whole, Athleta has established goodwill in ATHLETA in relation to clothing.

187. I am unable to reach that conclusion in relation to bags. I do not consider that Athleta has established goodwill in relation to bags in the United Kingdom – there simply have not been sufficient sales (or offers of sales) of those items to bring customers home to the source. In coming to this conclusion, I have considered all the evidence of use in relation to bags taking it at its highest.

Goodwill in the ATHLETA Combination Mark

188. Similarly, I am unable to find goodwill in relation to the ATHLETA Combination Mark, which, whilst registered, has not really been used significantly in the United Kingdom in relation to clothing or bags to establish goodwill. There is use of the ATHLETA Dark Pinwheel, which I consider below, but only insignificant use of the ATHLETA Combination Mark. Whilst use of a variant can establish genuine use for the purposes of defending a trade mark registration from a non-use attack, in my judgment, goodwill does not accrue in a sign unless that sign is actually used.

Goodwill in the ATHLETA Dark Pinwheel

189. There is, of course, some use of the ATHLETA Dark Pinwheel, and I am prepared for the purposes of this case to take that use at its absolute highest. Still, I do not consider it enough to establish goodwill in relation to clothing or bags. I am prepared to accept (as I have above) that some consumers might recall the ATHLETA Word Mark, but I do not consider that, given the very low levels of use of the ATHLETA Dark Pinwheel, that that use will establish goodwill.

Goodwill in the ATHLETA Purple Pinwheel

190. There was even less use of the ATHLETA Purple Pinwheel. Having reviewed all the evidence, and, again, taking it at its highest, that use is in my judgment insufficient to establish goodwill.

Misrepresentation

191. Misrepresentation sits at the centre of the tort of passing off – I must be satisfied that SGD's alleged misrepresentation is likely to lead a substantial proportion of the relevant public to believe that SGD's goods are in fact those of Athleta. I have already rejected Athleta's submissions that SGD has "sailed close to the wind" or "lived dangerously" – that is far from established on the facts before me.

192. I have found above that the reasonably circumspect consumer of clothing, bags etc will not be confused as between the ATHLETA Word Mark and the ATHLECIA Word Mark, including because of the weak distinctive character of each sign. My findings on passing off are the same – even given the finding of goodwill in ATHLETA, I do not consider that a substantial proportion of consumers will be misled by SGD's uses of ATHLECIA. Consumers will understand that they are different activewear brands.

193. I have not found goodwill to subsist in any of the signs with roundels on which Athleta relies, and so the passing off case in relation to those signs must also fail. However, if I am wrong in that, had I found goodwill in the ATHLETA Combination Mark, the ATHLETA Dark Pinwheel and/or the ATHLETA Purple Pinwheel, I would have found a misrepresentation only in relation to the ATHLETA Combination Mark and the ATHLETA Dark Pinwheel (but not the ATHLETA Purple Pinwheel). As damage was admitted to have followed (at least in relation to diversion and/or erosion), I would have therefore found passing off.

194. As it is, the passing off case fails.

Summary of findings

195. Adopting the list of issues agreed by the parties, I provide the following answers:

    i) The ATHLECIA Signs (other than the ATHLECIA Device) are similar to the ATHLETA Marks.

ii) There exists a likelihood of confusion (including a likelihood of association) on the part of the relevant public in relation to the ATHLETA Combination Mark resulting from SGD's use of the Second ATHLECIA Combination Mark in relation to clothing but there is no likelihood of confusion (including a likelihood of association) on the part of the relevant public in relation to the ATHLETA Word Mark, or the ATHLETA Combination Mark in relation to other signs and/or other goods/services.

iii) SGD's use of the Second ATHLECIA Combination Mark in relation to clothing affects or is liable to affect the functions of the ATHLETA Combination Mark.

iv) As of 30 November 2021, ATHLETA owned protectable goodwill under the ATHLETA Word Mark in relation to clothing, but not otherwise.

v) The use of the ATHLECIA Signs by SGD in the United Kingdom does not constitute a misrepresentation.

vi) In light of my answer above, I do not need to consider whether such misrepresentation is liable to damage the goodwill Athleta owns in the ATHLETA Word Mark in relation to clothing, but had I found a misrepresentation, I would have found that it would lead to damage.

vii) The ATHLETA Word Mark has been put to genuine use in the relevant period/s in relation to:

a) Bags;

b) Clothing; and

c) Headgear.

viii) The ATHLETA Combination Mark has been put to genuine use in the relevant period/s in relation to clothing.

ix) The ATHLETA Marks were not exclusively descriptive of the intended purpose of the goods and services for which they are registered as at the relevant priority date.

x) The ATHLETA Marks were not devoid of inherent distinctive character as at the relevant priority date.

xi) I therefore do not need to decide whether the ATHLETA Marks or each of them has acquired distinctive character through use.

196. The trade mark infringement claim succeeds in part and the non-use revocation claim succeeds in part. The passing off claim fails. The invalidity counterclaim fails. If a suitable order cannot be agreed, I will hear the parties on the appropriate remedies given my findings of trade mark infringement. The ATHLETA Marks will be revoked as set out above.