



Neutral Citation Number: [2022] EWCA Civ 1433

Case No: CA-2022-001407

**IN THE COURT OF APPEAL (CIVIL DIVISION)**  
**ON APPEAL FROM THE HIGH COURT OF JUSTICE,**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES,**  
**INTELLECTUAL PROPERTY LIST (ChD)**

**Mrs Justice Joanna Smith**  
**[2022] EWHC 1434 (Ch)**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 2 November 2022

**Before :**

**LORD JUSTICE LEWISON**  
**LADY JUSTICE KING**  
and  
**LORD JUSTICE ARNOLD**

**Between :**

(1) LIDL GREAT BRITAIN LIMITED  
(2) LIDL STIFTUNG & CO KG  
- and -  
(1) TESCO STORES LIMITED  
(2) TESCO PLC

**Claimants/  
Respondents**

**Defendants/  
Appellants**

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**Simon Malynicz KC and Daniel Selmi (instructed by Haseltine Lake Kempner LLP) for the  
Appellants**

**Benet Brandreth KC and Tristan Sherliker (instructed by Bird & Bird LLP) for the  
Respondents**

Hearing date : 25 October 2022  
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**Approved Judgment**

*This judgment was handed down by the Court remotely by circulation to the parties' representatives by email and release to The National Archives. The date and time for hand-down is deemed to be 10:30 on 2 November 2022.*

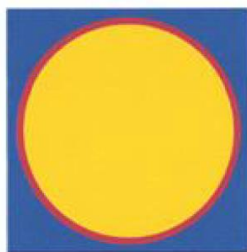
## **Lord Justice Arnold:**

### Introduction

1. This is an appeal from an order of Joanna Smith J dated 27 June 2022 striking out paragraphs 46 to 48 of the Amended Defence and Counterclaim pursuant to CPR rule 3.4(2)(a). In the paragraphs in question the Defendants (“Tesco”) allege that the Claimants (“Lidl”) applied to register certain of the trade marks in suit in bad faith and counterclaim for a declaration of invalidity of those trade marks on that ground. The judge held in a judgment dated 13 June 2022 [2022] EWHC 1434 (Ch) that Tesco’s pleaded case disclosed no reasonable grounds for bringing that claim. Tesco contend that the judge was wrong.

### The underlying dispute

2. Lidl and Tesco are both well-known supermarket chains and commercial rivals. Lidl own various United Kingdom trade mark registrations (“the Trade Marks”) which protect Lidl’s logo. The logo features a yellow circle edged in red on a square blue background. The Trade Marks comprise two trade marks: one which includes the word LIDL (“the Mark with Text”) and one which does not (“the Wordless Mark”). Lidl’s Particulars of Claim sets these out together with an example showing how the Trade Marks are used by Lidl as shown below:



*The Wordless Mark*



*The Mark with Text*



*Example of the Marks as used by Lidl*

3. It is common ground that Lidl have used the Mark with Text in the UK since about 1987, and that such use has generated a substantial reputation and goodwill. It is also common ground that Lidl have never used the Wordless Mark in the UK in the form in which it is registered i.e. on its own and without the word LIDL. Lidl contend that use of the Mark with Text constitutes use of the Wordless Mark in a form which does not alter the distinctive character of the Wordless Mark.
4. The *causus belli* in these proceedings is Tesco’s use in their marketing since around September 2020 of a sign consisting of a yellow circle on a square or rectangular blue background (“the Sign”). Although Lidl complain about use of the Sign, which does not include any text, it is not in dispute that Tesco have not used the Sign on its own, but only with the words CLUBCARD PRICES within the yellow circle. Lidl’s Particulars of Claim sets out the Sign together with an example of the way in which it is used by Tesco as shown below:



*The Sign (Tesco)*



*Example of the Sign as used by Tesco, with overlaid text*

5. Lidl claim that Tesco's use of the Sign infringes the Trade Marks (and amounts to passing off and copyright infringement). Lidl contend that Tesco are seeking deliberately to ride on the coat tails of Lidl's reputation as a "discounter" supermarket known for the provision of value. Lidl say that Tesco's use of the Sign in connection with Tesco's Clubcard prices is intended to, and does, cause members of the public to call to mind Lidl's business and the Trade Marks, including being suggestive that the prices of goods offered by Tesco for sale under or in connection with the Sign are offered at the same prices, or lower prices, than could be obtained for the same or equivalent goods in Lidl stores. It will be appreciated that Lidl's case that the Wordless Mark has been infringed is, if the registrations are valid, potentially easier for Lidl to sustain than their case that the Mark with Text has been infringed because of the absence from the former of the word LIDL. Tesco deny these claims and counterclaim for (among other things) a declaration of invalidity of the registrations for the Wordless Mark, alternatively revocation on the ground of five years' non-use.

### The Trade Marks

6. Lidl rely upon the following registrations of the Wordless Mark, the first three of which were divided out from a single application:
- i) UK registration number 2016658A registered in respect of goods and services in Classes 1, 3, 8, 11, 18, 21, 28, 31, 32, 33, 35, 36, 41 and 42 as of 4 April 1995;
  - ii) UK registration number 2016658C registered in respect of goods in Class 16 as of 4 April 1995;
  - iii) UK registration number 2016658D registered in respect of goods in Classes 5, 29 and 30 as of 4 April 1995;
  - iv) EU registration number 4746343 registered in respect of services in Classes 35, 36, 39, 40 and 41 as of 17 November 2005 (in respect of the period up to 31 December 2020) and UK registration number 904746343 derived from that EU registration (in respect of the period after 31 December 2020).
7. Lidl rely upon the following registration of the Mark with Text: UK registration number 2570518 registered in respect of services in Class 35 as of 28 January 2011.

### Additional registrations

8. Tesco counterclaim for a declaration of invalidity of the four UK registrations listed in paragraph 6 above and of two additional UK registrations of the Wordless Mark derived from EU registrations (“the Additional Wordless Marks”) owned by Lidl:
  - i) UK registration number 902936185 registered in respect of goods and services in Classes 1, 3, 5, 8, 11, 16, 18, 21, 28, 29, 30, 31, 32, 33, 35, 36, 39, 41 and 42 as of 15 November 2002;
  - ii) UK registration number 9064605761 registered in respect of goods and services in Classes 1 to 16, 18 and 20 to 42 as of 13 November 2007.
9. In addition, Tesco rely upon the existence of a further application filed by Lidl on 22 February 2021 for registration of the Wordless Mark in respect of goods and services in Classes 1 to 44, UK application number 3599128. This application is currently stayed.
10. As the judge noted as a result of her own research, although neither party has pleaded this, it is a matter of public record that Lidl own an additional registration of the Mark with Text, namely UK registration number 1410087 registered in respect of goods in Class 32 as of 28 December 1989.

### The non-use issue

11. As is explained in more detail in the judge’s judgment, a registered trade mark may be revoked if it has not been used for five years and there are no proper reasons for such non-use. If the trade mark has not been used in the form in which it is registered, the proprietor may rely upon use of the trade mark in a different form which does not alter the distinctive character of the trade mark. It is common ground that the question whether Lidl’s use of the Mark with Text constitutes use of the Wordless Mark in a form which does not alter the distinctive character of the Wordless Mark is an issue for trial: see Case C-252/12 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [EU:C:2013:497] (“*Specsavers CJEU*”) and *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2014] EWCA Civ 1294, [2015] ETMR 4. It follows that at this stage Tesco’s bad faith case must be approached on the footing that use of the Mark with Text may as a matter of law constitute use of the Wordless Mark, but it may not.

### The legislative framework with regard to bad faith

12. Section 3(6) of the Trade Marks Act 1994 provides that a trade mark “shall not be registered if or to the extent that the application is made in bad faith”. Section 47(1) of the 1994 Act provides that the registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3. While the UK was a Member State of the European Union, these provisions implemented successively Article 3(2)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, Article 3(2)(d) of European Parliament and Council Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version) and Articles 4(2) and 7 of European Parliament and Council Directive 2015/2436/EU

of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast) (“the Directives”).

13. Articles 51(1)(b) and (3) of Council Regulation 40/94/EC of 20 December 1993 on the Community trade mark, Article 52(1)(b) and (3) of Council Regulation 207/2009/EC of 26 February 2009 on the European Union trade mark trade (codified version) and Article 59(1)(b) and (3) of European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 on the European Union trade mark (codification) (“the Regulations”) provide that a Community trade mark, and now an EU trade mark, shall be declared invalid if or to the extent that “the applicant was acting in bad faith when he filed the application for the trade mark”.
14. With effect from 31 December 2020 EU trade marks no longer have effect in the UK. In order to prevent a loss of rights, UK trade marks corresponding to extant EU trade marks were created on 31 December 2020. The details of the relevant legislation do not matter for present purposes.

#### Case law on bad faith

15. The provisions on bad faith contained in the Directives and in the Regulations have been interpreted by the Court of Justice of the European Union in four cases: Case C-529/07 *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [EU:C:2009:361], Case C-320/12 *Malaysia Dairy Industries Pte Ltd v Ankenævnet for Patenter og Varemærker* [EU:C:2013:435], Case C-104/18 *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ v European Union Intellectual Property Office* [EU:C:2019:724] and Case C-371/18 *Sky plc v SkyKick UK Ltd* [EU:C:2020:45] (“*Sky CJEU*”). There is also a body of case law of the General Court, including Case T-507/08 *Psytech International Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:T:2011:253], Case T-136/11 *Pelicantravel.com sro v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:T:2012:689], Case T-273/19 *Target Ventures Group Ltd v European Union Intellectual Property Office* [EU:T:2020:510] and Case T-663/19 *Hasbro Inc. v European Union Intellectual Property Office* [EU:T:2021:211]. All of this case law except for *Hasbro* is retained EU law, and neither party suggested that this Court should depart from it. As for *Hasbro*, this constitutes persuasive authority, particularly since it is a decision of an Extended Composition of the Sixth Chamber of the General Court (permission to appeal from which was refused by the CJEU by order dated 1 December 2021 [EU:C:2021:983]), and neither party suggested otherwise.
16. In *Sky Ltd v SkyKick UK Ltd* [2021] EWCA Civ 1121 (“*Sky CA*”) Sir Christopher Floyd, with whom Newey and Nugee LJ agreed, set out at [67] 13 points of principle established by the cases I have listed in paragraph 15 above (with the exception of *Target Ventures*, which was not referred to in Sir Christopher’s judgment and may not have been cited) as follows (so far as relevant for present purposes):

“...

2. Bad faith is an autonomous concept of EU trade mark law which must be given a uniform interpretation in the EU: *Malaysia Dairy Industries* at [29].

3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: *Lindt* at [45]; *Koton Magazacilik* at [45].
4. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].
5. The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].
6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan* at [21] and [40].
7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].
8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].
9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].
10. Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].
11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Magazacilik* at [46].

12. It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign: *Lindt* at [51] to [52].
- ...”
17. Point 3 in this list requires clarification. The reference to *Lindt* at [45] appears to be a mistake since there is no reference to “dishonesty” in that paragraph or anywhere else in the Court of Justice’s reasoning from [34] to [53]. Furthermore, the Court largely endorsed the reasoning of Advocate General Sharpston in her opinion, and specifically approved what she said in paragraph 58 (and paragraphs 66 and 67). Paragraph 58 forms part of the section of the opinion in which the Advocate General considered whether bad faith depended on subjective intention or purely objective criteria. In paragraph 57 she expressed the view that “in normal usage, the concept of bad faith implies a subjective mental state of a general nature, as outlined in the various descriptions cited by Lindt, Hauswirth and the Commission”. The one cited by Hauswirth, which the Advocate General set out in paragraph 52, was the “often-quoted dictum” of Lindsay J in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 that bad faith “includes dishonesty and ... also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined”. The Advocate General concluded in paragraph 60 that bad faith “relates to a subjective motivation on the part of the trade mark applicant – a dishonest intention or other ‘sinister motive’ – which will none the less normally be established by reference to objective criteria ... it involves conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices, which can be identified by assessing the objective facts of each case against such standards”. It is this conclusion which provides the foundation (via Case T-82/14 *Copernicus-Trademarks Ltd v European Union Intellectual Property Office* [EU:T:2016:396] at [28]) for what the General Court said in *Hasbro* at [41], which constitutes Sir Christopher’s point 4.
18. As for *Koton*, what the Court of Justice said was as follows:
- “45. While, in accordance with its usual meaning in everyday language, the concept of ‘bad faith’ presupposes the presence of a dishonest state of mind or intention, that concept must moreover be understood in the context of trade mark law, which is that of the course of trade. In that regard, Regulations No 40/94, No 207/2009 and No 2017/1001, which were adopted successively, have the same objective, namely the establishment and functioning of the internal market (see, as regards Regulation No 207/2009, judgment of 27 June 2013, *Malaysia Dairy Industries*, C-320/12, EU:C:2013:435, paragraph 35). The rules on the EU trade mark are aimed, in particular, at contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of

confusion, to distinguish those goods or services from others which have a different origin. ...

46. Consequently, the absolute ground for invalidity referred to in Article 52(1)(b) of Regulation No 207/2009 applies where it is apparent from relevant and consistent indicia that the proprietor of an EU trade mark has filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin recalled in the previous paragraph of this judgment.”
19. Although the Court of Justice does not say so in terms in this passage, it is clear from the Court’s reasoning that bad faith is not limited to dishonesty. This is consistent with the analysis of the Advocate General in *Lindt* and with the judgments of the General Court in *Copernicus* and *Hasbro*.
20. Sir Christopher’s point 11 is drawn from what the Court of Justice said in *Koton* at [46]. The Court repeated this in *Sky CJEU* at [75]. The Court went on in *Sky CJEU* to hold at [81], and to rule in the *dispositif* at (2), that:
- “Article 51(1)(b) of Regulation No 40/94 ... and Article 3(2)(d) of First Directive 89/104 must be interpreted as meaning that a trade mark application made without any intention to use the trade mark in relation to the goods and services covered by the registration constitutes bad faith, within the meaning of those provisions, if the applicant for registration of that mark had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark.”
21. This confirms that the purpose of this ground of invalidity is twofold: first to prevent bad faith vis-à-vis specific third parties, and secondly to prevent abuse of the trade mark registration system (see also *Hasbro* at [69]-[72]). As the European trade mark system has evolved over the past three decades, abuses of the system have become more prevalent. The bad faith objection provides one of the few ways of combatting such abuses, and therefore it is important that it is not too restrictively interpreted.
22. A vexed question in this field is whether it is sufficient to establish bad faith to prove that the applicant for registration did not intend to use the trade mark in question in relation to the goods or services specified in the application. Having repeated what it had said in *Koton*, the CJEU answered this question in *Sky CJEU* as follows (internal citation omitted):



- “76. Admittedly, the applicant for a trade mark is not required to indicate or even to know precisely, on the date on which his or her application for registration of a mark is filed or of the examination of that application, the use he or she will make of the mark applied for and he or she has a period of 5 years for beginning actual use consistent with the essential function of that trade mark ...
77. However, as the Advocate General observed in point 109 of his Opinion, the registration of a trade mark by an applicant without any intention to use it in relation to the goods and services covered by that registration may constitute bad faith, where there is no rationale for the application for registration in the light of the aims referred to in Regulation No 40/94 and First Directive 89/104. Such bad faith may, however, be established only if there is objective, relevant and consistent indicia tending to show that, when the application for a trade mark was filed, the trade mark applicant had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark.”
23. The principles of European law identified by Sir Christopher in his points 6 and 7 are consistent with earlier domestic jurisprudence. So far as point 6 is concerned, the following statement of principle in *Walton International Ltd v Verweij Fashion BV* [2018] EWHC 1608 (Ch), [2018] RPC 19 at [186(i)] is of particular relevance to the present case:
- “A person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly [pleaded and] proved. The standard of proof is the balance of probabilities, but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith.”
- The words in square brackets I have added to the quotation are supported by earlier authority: see e.g. *ROYAL ENFIELD Trade Mark* [2002] RPC 24 at [31].
24. As for point 7, it is worth setting out what the General Court said in *Hasbro* more fully (internal citations omitted):
- “42. It is for the applicant for a declaration of invalidity who intends to rely on Article 52(1)(b) of Regulation No 207/2009 to prove the circumstances which make it possible to conclude that an application for registration of an EU trade mark was filed in bad faith, the good faith of the trade mark applicant being presumed until proven otherwise ....

43. Where EUIPO finds that the objective circumstances of the particular case which were relied on by the applicant for a declaration of invalidity may lead to the rebuttal of the presumption of good faith which the proprietor of the mark at issue enjoys when he or she files the application for registration of that mark, it is for the proprietor of that mark to provide plausible explanations regarding the objectives and commercial logic pursued by the application for registration of that mark.
44. The proprietor of the trade mark at issue is best placed to provide EUIPO with information regarding his or her intentions at the time of applying for registration of that mark and to provide it with evidence capable of convincing it that, in spite of the existence of objective circumstances, those intentions were legitimate ....”

#### The law on striking out

25. The principles applicable to an application under CPR rule 3.4(2)(a) are well-known and not in dispute. There is no need to set them out or discuss them at any length for the purposes of this appeal. It suffices to say that the court must assume that the facts alleged in the relevant statement of case are true, and ask itself whether the claim advanced on the basis of those facts has a real prospect of success.

#### Tesco’s pleaded case on bad faith

26. The material parts of Tesco’s Defence and Counterclaim are as follows:

- “47. As regards the 1995 UK application for the Wordless mark (UK trade mark registration nos. UK2016658A, UK2016658C and UK2016658D):
  - 47.1 The Wordless Mark is and always was a legal artifice with no corresponding mark in the real world. It has never been used by Lidl in the form appearing on the register.
  - 47.2 Given that .. Lidl apparently devised its logo corresponding to the Mark with Text in 1987 or thereabouts, there is a reasonable inference that, at least by 1995 there was no bona fide intention (if there ever was, which is denied) to use the Wordless Mark in the form as registered. This is supported by the lack of use of that mark in the period both before and since the date of application.
  - 47.3 It is denied that use of the Mark with Text amounts to use of the Wordless Mark, but even if it did, that would have no bearing on the bad faith nature of the application. If the Mark with Text supported the use of the Wordless Mark, then there was no need to apply for the Wordless Mark separate to that unless the purpose of the Wordless Mark application was to

give Lidl wider or different protection. Lidl makes that argument in the present proceedings.

- 47.4 The result was an application for a Wordless Mark made solely for the purposes of deployment as a weapon in legal proceedings, not in accordance with its function of being used on goods or services to indicate the origin thereof.
48. Further or alternatively, as regards the Additional Wordless marks and the 2005 version of the Wordless Mark (UK trade mark registration no. 904746343), Tesco will contend as follows:
- 48.1 The Additional Wordless Marks and the 2005 version of the Wordless Mark, namely the EU marks from which those UK comparables are derived, are evergreened versions of the 1995 mark in that they duplicate coverage of various goods and services covered by the earlier mark.
- 48.2 There was no reason for Lidl to re-apply for the same marks and goods/services other than to avail itself of a fresh grace period during which it would not be required to show use of, in effect, the same marks.
- 48.3 In the circumstances, the Additional Wordless Marks and the evergreened 2005 application are probative of bad faith in relation to the marks themselves and the 1995 mark. As regards the 1995 mark, although the bad faith assessment is at the date of application, facts and matters subsequent to that date, such as evergreening, have a bearing on that assessment. The fact that Lidl considered it necessary to evergreen that 1995 mark in 2002, 2005 and 2007 is further proof of its bad faith at the date of application of the 1995 mark.
- 48.4. As regards the Additional Wordless Marks and the 2005 version of the Wordless Mark, paragraph 47 above is repeated. However, in addition to those matters, the fact that those applications were made in order to evergreen an earlier trade mark is itself probative of bad faith as regards those later marks.
- 48.5. In the premises, Lidl made applications not in accordance with the functions of a trade mark but purely to obtain exclusive rights for ulterior and illegitimate purposes. In respect of the UK comparable marks that derive from the EUTMs, because the EUTMs were applied for in bad faith, the UK comparable marks should be invalidated for the same reasons.
- 48.6. Pending further information and/or clarification, Tesco notes that Lidl has made yet further applications for the Wordless Mark in 2021, i.e., well after this dispute began. The said

marks represent yet further attempts to evergreen the Wordless Mark in order to benefit from yet further fresh grace periods without any requirement to prove use. These applications, although they have not yet proceeded to registration, will be the subject of invalidation counterclaims should Lidl seek to introduce them here. They will in any event be opposed before the UK-IPO if they proceed to publication. At that point the UK-IPO will be invited to stay those oppositions pending the outcome of this Counterclaim. Meanwhile the fact of the 2021 evergreened applications stands as yet further evidence of bad faith regarding all prior applications for the Wordless Mark and the Additional Wordless Marks.”

### The judge’s judgment

27. The judge summarised the parties’ arguments in her judgment at [62]-[78]. In this context she recorded at [76] that counsel for Lidl had confirmed during his submissions that “the Wordless Mark was applied for to expand monopoly rights”. To be precise, what counsel said was:

“My learned friend says that you must have registered it in order to obtain a wider scope of protection. I did. That is exactly what I did and I am entitled to do so.”

28. The judge set out her assessment at [79]-[104]. She began at [79] by identifying that the central issue for determination was whether Tesco’s pleading raised sufficient objective circumstances to overcome the presumption of good faith, such that there was a case to answer. She said at [80] that she had to proceed on the assumption that Tesco might be correct in their assertion that use of the Wordless Mark in conjunction with the Mark with Text was not use (and, implicitly, Tesco might not be correct). In [81] she held that, on the assumption that there had been no use of the Wordless Mark, that in itself did not indicate bad faith. In [82] she held that, even if it was established that Lidl had no intention to use the Wordless Mark when they applied to register it, that was not in itself sufficient to amount to bad faith. There had to be objective, relevant and consistent indicia of the additional positive intention of obtaining an exclusive right for purposes other than those falling within the functions of a trade mark, citing *Sky CJEU* at [77].

29. The judge went on to identify two additional indicia as being relied upon by Tesco. She identified the first indicium and gave her assessment of it at [83]:

“The first of the indicia on which Tesco relies in this case is that the Wordless Mark was designed as a legal weapon (a point that [counsel for Tesco] accepts overlaps with Tesco’s lack of intention to use allegation). However, whilst objective, relevant and consistent indicia of a desire to obtain exclusive rights for purposes other than those falling within the functions of a trade mark (i.e. for legal deployment) would be capable of tipping this case into the realms of bad faith, there are no such indicia here. Indeed I agree with [counsel for Lidl] that this element of Tesco’s case on bad faith is really inextricably tied

to their contention that a lack of use gives rise to an inference of lack of intention to use. The allegation that the Wordless Mark is merely a legal weapon is no more than assertion. Tesco does not cite any objective basis for such contention. It cannot be sufficient on the authorities to construct an edifice of inferences based purely on an assumed/inferred lack of intention to use (which on its own is insufficient to amount to bad faith in any event).”

30. The judge went on at [84] to note that counsel for Tesco relied upon the fact that Lidl owned registrations for the Mark with Text, but observed that it was surprising that Tesco had not pleaded any registration of the Mark with Text prior to 1995. Counsel for Lidl’s answer to this was to argue that there was nothing inherently wrong with having “overlapping” trade mark registrations, relying upon *Specsavers CJEU* at [24], thereby, as the judge noted at [85], implicitly accepting the existence of earlier registrations of the Mark with Text. As the judge also noted, however, bad faith was not in issue in *Specsavers CJEU*. The judge concluded at [86]:

“Against that background ..., the key question is whether Tesco’s *prima facie* case on this point is enough to shift the burden of proof and require a response from Lidl, such that the issue must go to trial. For the reasons identified by [counsel for Lidl], I certainly cannot see that it is. Aside from the fact that Tesco has not pleaded details as to the registration of the Mark with Text prior to 1995 and has not sought to identify the class of goods covered by it, I fail to see how the mere existence of an overlapping mark is enough, without more, to undermine the presumption of good faith.”

31. The judge identified the second indicium relied upon at [87] as “evergreening”, that is to say, the allegation that Lidl had periodically re-registered the Wordless Mark in order to avoid sanctions for five years’ non-use. As she recorded at [88], counsel for Tesco accepted that the fact that there were re-registrations of the Wordless Mark was not enough in itself to establish bad faith since it was possible for there to be an innocent explanation for this. As she explained at [89]-[90], Tesco relied upon two additional points. First, Tesco relied upon a Excel spreadsheet showing that some of the goods and services covered by later filings were identical with earlier filings and some were covered by broader or highly similar descriptions. Secondly, Tesco relied upon the fact that Lidl have not used the Wordless Mark in the form in which it is registered.

32. The judge said she was not convinced by these points for the following reasons:

“91. ... The first point appears to me to be little more than speculation flowing from Tesco’s case that there has been no use of the Wordless Mark. Even assuming that case to be correct, I fail to see that the mere existence of overlapping filings is enough on its own to give rise to a *prima facie* case of bad faith.

92. ... There is nothing on the face of Tesco’s pleading to support the proposition that the re-registrations must have been bogus and made no commercial sense (see by analogy *Pelikan* at [46]), much less has it pleaded anything to suggest that the mere fact of those re-registrations is capable of rebutting the presumption of good faith at the time of filing of the original Wordless Mark in 1995.
93. On the subject of the excel spreadsheet illustrating the scope of the later applications for registration, I accept [counsel for Lidl’s] submissions that it is plain that although there was an overlap between the original application and the later applications, those applications were different in scope, covering different goods and services and relating to a larger geographical area (the 2002, 2005 and 2007 filings were intended to cover the EU). If Tesco intended to rely on specific points of detail arising in these applications in support of its Bad Faith Allegation it should have pleaded them. However, it has not done so. Instead [counsel for Tesco] has simply addressed me on his feet as to examples of overlapping classes etc. on which Tesco relies - to my mind this is not appropriate or sufficient in a case where bad faith is alleged.
94. As to the second point, whilst *Hasbro* is authority for the proposition that bad faith need not turn on the issue of non-use, here the case that is actually pleaded by Tesco appears to my mind to be obviously premised upon the alleged lack of use of the Wordless Mark. As Tesco says in its Counterclaim at 48.2, ‘there was no reason for Lidl to re-apply for the same marks and goods/services other than to avail itself of a fresh grace period during which it would not be required to show use of, in effect, the same marks’. There is no other objective, relevant or consistent indicia of bad faith on which Tesco relies in this context.”
33. Having concluded that there was nothing in Tesco’s pleading which could be said to be consistent only with bad faith, the judge went on:
- “96. In my judgment, the test to be applied by the court at this stage should not in any event be whether what is pleaded is consistent only with bad faith - that would be an extremely exacting standard at a preliminary stage. Instead, it seems to me that the question to be determined is whether the Bad Faith Allegation is, or may be, sufficient to shift the evidential burden and lead to the rebuttal of the presumption of good faith (see *Hasbro* at [43])). Applying that test, I do not consider that Tesco is able to establish that its Counterclaim as pleaded discloses reasonable grounds for making the Bad Faith Allegation. ... Tesco’s case as now presented ultimately boils down to the proposition that in the event of it being established that the Wordless Mark was not used, the mere existence of the

Mark with Text combined with the pleaded examples of ‘evergreening’ is enough to shift the burden to Lidl to provide a plausible explanation of the objectives and commercial logic pursued by its applications for the Wordless Mark and the Additional Wordless Marks.

97. However, neither of these alleged indicia as pleaded, whether viewed alone or in combination, appears to me capable (without more) of shifting that burden. Neither is inconsistent with the presumption of good faith and, furthermore, neither comes close to raising a *prima facie* case that Lidl’s ‘sole objective’ was ‘inconsistent with the essential functions of a trade mark’ (see [*Sky CA*] at [52] and [117]). Insofar as Mr Malynicz sought to persuade me that it was not necessary on the authorities (and in particular *Hasbro*) to establish a sole motivation, I reject that submission.
98. Furthermore, it does appear to me that some parallels may be drawn between this case and the case of *Jaguar Land Rover*, as discussed in *Skykick*. In that case, Nugee J gave summary judgment in circumstances where he observed that merely identifying that a specification was overbroad would not be enough to overcome an application for summary judgment; instead it would be necessary to identify the narrower specification which it was said should have been used because:

‘Without such an alternative narrower specification, I do not think the case gets off the ground, bearing in mind that the charge of bad faith is akin to dishonesty and must be “fully and properly pleaded”’ ([*Sky CA*] at [75]).
99. By analogy, it seems to me that just as the mere breadth of a specification of goods and services is not one of the indicia of bad faith, so the mere existence of an overlapping trade mark or of subsequent re-registrations also cannot be sufficient; on the authorities something more must be required to rebut the presumption of good faith and to shift the evidential burden of proof.
100. Notwithstanding [counsel for Tesco’s] reliance on the excel spreadsheet setting out details of the re-registrations during his oral submissions, Tesco has pleaded no particulars whatever to explain what it is about the individual re-registrations or the mere existence of the Mark with Text which raises the spectre of bad faith. To echo Nugee J, absent such detailed particulars, Tesco’s Bad Faith Allegation does not get off the ground, given the need fully and properly to plead the charge of bad faith. A mere allegation of duplication of ‘various goods and services’ does not appear to me to be sufficient.

101. Of course I appreciate that at trial an allegation of bad faith ‘must be the subject of an overall assessment, taking into account all the factors relevant to the particular case’ ([*Sky CA*] at [47]), but as Nugee J made clear in *Jaguar Land Rover* those factors must be properly pleaded by the party alleging bad faith and must give rise to a *prima facie* case. I do not consider that Tesco is able to satisfy this requirement and no suggestion was made during the hearing that Tesco wished to amend its pleading to provide more detailed particulars.”

### The appeal

34. Tesco relies upon two grounds of appeal. The first is that the judge failed to apply the correct test under rule 3.4(2)(a) and failed to take into account the fact that bad faith is a developing area of law. I do not consider that there is any substance in the contention that the judge misdirected herself as to the test to be applied under rule 3.4(2)(a). On the contrary, she cited a number of authorities setting out the correct test. Although I do think that the judge failed to take into account the fact that bad faith is a developing area of law (a point which receives support, if support were needed, from the fact that the Supreme Court has subsequently granted permission to appeal in the *Sky* case), I doubt that that on its own would justify this Court in interfering with her decision.
35. Tesco’s second ground is that the judge failed properly to consider the pleaded facts and inferences of the bad faith counterclaim as a whole and in the context of Lidl’s infringement case, taking into account that no disclosure had yet been given by Lidl as to their intentions when registering the Wordless Mark. In my judgment this ground is well founded for the following reasons.
36. The starting point is to be clear as to the nature of Tesco’s bad faith case. To be fair to the judge, I suspect this was not as clearly articulated by Tesco to the judge as it was to this Court. Indeed, as I shall explain, one of the key authorities was not cited below.
37. Tesco’s case in a nutshell is that the Wordless Mark is a defensive trade mark, that is to say, a trade mark registered by the proprietor not with any intention to use it in the course of trade, but in order to secure a wider legal monopoly than the proprietor is entitled to by virtue of the trade mark(s) that the proprietor does use in the course of trade to indicate the origin of its goods and/or services. Tesco contend that this case is strengthened by evidence of “evergreening” by Lidl through applications to re-register the Wordless Mark in 2002, 2005, 2007 and 2021, and also rely upon such evergreening as an independent basis for attacking the validity of the later registrations. Tesco argue that Lidl’s conduct is an abuse of the trade mark registration system, both because the purpose of the system is to protect trade marks which are used or intended to be used in the course of trade, and not simply to equip their proprietors with legal weapons, and because the purpose of the sanctions for non-use will be undermined if they can be circumvented by evergreening.
38. So far as the first aspect of Tesco’s case is concerned, it should be noted that, prior to European harmonisation, some national systems expressly permitted registration of defensive trade marks. I shall refer to these as “national defensive trade marks”. In Case C-234/06 *Il Ponte Finanziaria SpA v Office for Harmonisation in the Internal*



*Market (Trade Marks and Designs)* [2007] ECR I-7333 the CJEU held at [94]-[104] that reliance for the purposes of opposition proceedings upon a national defensive trade mark the use of which was required by Regulation 40/94 to be, but had not been, established was incompatible with Regulation 40/94. Similarly, in Case C-553/11 *Rintisch v Eder* [EU:C:2012:671] the CJEU ruled that Article 10(2)(a) of Directive 89/104 must be interpreted as precluding an interpretation of a national provision intended to transpose it into domestic law whereby Article 10(2)(a) does not apply to a national defensive trade mark. Thus national defensive trade marks are incompatible with the scheme of the European legislation, and few remain upon national registers.

39. Tesco rely in support of this aspect of their case upon two authorities in particular. The first in time is the decision of David Kitchin QC sitting as the Appointed Person (as he then was) in *Ferrero SpA's Trade Marks* [2004] RPC 29, a decision which was not cited to the judge. In that case the applicants applied for declarations of invalidity of five registrations for the trade marks KINDER SNAPPY, KINDER TIME, KINDER CUODIFRUTTA and KINDER TONUS on the ground that the applications, which had been filed by the proprietors over the period from February 1990 to April 1994, had been made in bad faith.
40. Mr Kitchin set out at [14] the pleaded allegation of bad faith in respect of each of the registrations, which he expressly held was properly pleaded:

“This registration was filed in ‘bad faith’ and was therefore registered contrary to the provisions of section 3(6) of the Act . The proprietor did not at the time of filing and does not have any intention of using the trade mark the subject of the registration either at all or alternatively for all of the goods covered by the registration. Further, the proprietor simply filed this registration in an attempt to obtain an extended yet illegitimate coverage of the descriptive word ‘kinder’ (being the German word for ‘child’). Our enquiries have revealed that this registration has not been genuinely used in the UK by the Registered Proprietor or with its consent on any of the goods for which it is registered during the past 5 years.”
41. As Mr Kitchin explained, the applicant filed evidence that, as at November 1998, the proprietors had used six trade marks which included the word KINDER in the UK since 1967 (namely KINDER MILK SLICE, KINDER SURPRISE, KINDER CHOCOLATE, KINDER MAXI SLICE, KINDER BUENO and KINDER JOY), but filed in excess of 60 applications to register trade marks including the word KINDER which were pending or registered, none of the remainder of which the proprietors had used. The applicant’s witness concluded that the proprietors did not intend to use any of the other trade marks, but rather had applied to register them in an attempt to secure a broad scope of protection. The proprietors did not answer this evidence, nor did they provide any explanation at all of their filing strategy. The applicant also filed further evidence updating the position to February 2001, showing that by then the proprietors had filed 68 registrations to register trade marks including the word KINDER, but had still only used six of those marks.
42. The hearing officer found that the proprietors had made the applications in issue in bad faith because they had not intended to use the trade marks. Mr Kitchin held that

the hearing officer was entitled to find this allegation established on the evidence before him. As Mr Kitchin said at [17]:

“ ... I believe that the hearing officer was entitled to come to the conclusion that the applicants had established a *prima facie* case that the registered proprietors did not have a genuine intention to use the marks in issue at the dates they were filed. He was also, in my view, entitled to come to the conclusion that the *prima facie* case was not answered and that the allegation was therefore made good.”

43. Mr Kitchin went on to reject the proprietor’s argument that the hearing officer had erred as a matter of law in concluding that an absence of *bona fide* intention to use a trade mark at the date of filing could constitute bad faith at all. In so far as Mr Kitchin held that lack of intention to use without more meant the applications were made in bad faith, his decision is at least open to question in the light of *Sky CJEU*. As can be seen, however, it was the applicant’s pleaded case and evidence that the proprietors had not merely not intended to use the trade marks, but had intended to obtain a broad scope of protection for the word KINDER (when they had not registered KINDER on its own as a trade mark, presumably recognising that it would not be registrable).
44. The second case is *Target Ventures*. In that case Target Partners GmbH (“TP”) operated a venture capital fund under the name TARGET PARTNERS. The only use it made of the name TARGET VENTURES was that it owned two domain names targetventures.com and targetventures.de which simply re-directed visitors to TP’s website at targetpartners.de. Target Ventures Group Ltd (“TV”) operated a venture capital fund under the name TARGET VENTURES. After having become aware of TV, TP applied to register TARGET VENTURES as an EU trade mark. It appears that TP had already registered TARGET PARTNERS. TV subsequently applied for a declaration that the EU trade mark was invalidly registered on the ground that TP had made the application in bad faith. Although the Cancellation Division and the Board of Appeal of the European Union Intellectual Property Office rejected this claim, the General Court upheld it.
45. Having cited *Sky CJEU* [76]-[77], the General Court went on:
  - “36. In the present case, it is apparent from objective, relevant and consistent indicia that the intervener’s intention at the time when the application for registration of the contested mark was filed was not to put it to a use falling within the functions of a trade mark.
  37. First, it is stated in paragraph 37 of the contested decision that it cannot be excluded that the intervener wanted to protect its clients from possible confusion between the signs TARGET PARTNERS and TARGET VENTURES and that the commercial logic behind the filing of the contested mark was the intervener’s legitimate desire to protect its distinctive name (TARGET) accompanied by the description of its venture capital services (VENTURES), in addition to its mark

TARGET PARTNERS, and thus prevent any confusion among its clients.

38. However, in the specific circumstances of the present case, the fact that the intervener registered a mark in order to prevent a likelihood of confusion with another mark of which it was already the proprietor and/or in order to protect, in that connection, the element that is common to those marks is, as the applicant in essence submits, extraneous to the functions of a trade mark, in particular the essential function of indicating origin, and contributed more towards strengthening and protecting the intervener's first mark, which was, both before and after the application for registration of the contested mark was filed, the only sign under which the intervener offered its services.
39. Second, it is clear from the intervener's answers to the questions put to it at the hearing that the intention which gave rise to the filing of the application for registration of the contested mark was that of strengthening another mark, namely TARGET PARTNERS, since the websites 'www.targetventures.de' and 'www.targetventures.com' did nothing other than provide a means of redirection to the intervener's main website.
40. Indeed, the intervener stated that the contested mark had been used, as it had been before it was registered, in connection with the websites in order to redirect interested consumers to its main website, entitled 'www.targetpartners.de', on which it offers its services. It also stated that that was the main reason for its use. According to the intervener, by using a distinctive element, namely the element 'target', in the domain names 'targetventures.com' and 'targetventures.de' with an element that is descriptive of venture capital services, namely the element 'ventures', and by providing a means of redirection to its main website, on which it offers its services under the mark TARGET PARTNERS, it intended to show the interested public that those services were also offered by Target Partners. It submitted that the reason for the registration of the contested mark was therefore that of protecting the sign TARGET used in the name of those two websites. The intervener also declared that it wished to broaden its portfolio of trade marks.
41. Given, first, that it is not disputed that the use of the sign TARGET VENTURES has been the same before and after the filing of the application for registration in respect of that sign, namely that of providing a means of redirection to the intervener's main website 'www.targetpartners.de', and given, second, that it may be deduced from the intervener's explanation at the hearing that the protection of that use was the principal reason for the application for registration of the

contested mark, no information of any other planned specific use having been provided, it must be held that the intervener solely had the intention of continuing to use that mark in the same way as it had been doing before that application was filed. Consequently, the intervener filed that application not with the aim of engaging fairly in competition but with the intention of obtaining, potentially without targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin.”

46. This reasoning indicates that an intention of the kind alleged and evidenced by the applicant in *Ferrero* is capable in law of amounting to an objective, relevant and consistent indicium which, coupled with a lack of intention to use the trade mark in question, amounts to bad faith.
47. As for the second aspect of their case, Tesco rely upon *Hasbro*, where the General Court upheld the Board of Appeal’s decision that Hasbro had applied to re-register the trade mark MONOPOLY in bad faith because its intention had been to avoid the sanctions for non-use of earlier registrations of the trade mark (Hasbro had, of course, made extensive use of the trade mark for board games, but its registrations extended way beyond board games). For present purposes two paragraphs of the General Court’s judgment are particularly pertinent:
- “70. ... there is no provision in the legislation relating to EU trade marks which prohibits the re-filing of an application for registration of a trade mark and that, consequently, such a filing cannot, in itself, establish that there was bad faith on the part of the trade mark applicant, unless it is coupled with other relevant evidence which is put forward by the applicant for a declaration of invalidity or EUIPO. However, it must be stated that, in the present case, it is apparent from the Board of Appeal’s findings that the applicant admitted, and even submitted, that one of the advantages justifying the filing of the contested mark was based on the fact that it would not have to furnish proof of genuine use of that mark. Such conduct cannot be held to be lawful conduct, but must be held to be contrary to the objectives of Regulation No 207/2009, to the principles governing EU trade mark law and to the rule relating to proof of use ....
94. ... the applicant [Hasbro] ... confines itself to claiming that the re-filing of earlier marks is a common practice without providing any evidence whatsoever in support of that claim. In any event, the fact remains that neither Regulation No 207/2009 nor the case-law provides a basis which makes it possible to rule out any bad faith on the part of the applicant on the ground that it was following a practice that was common in the industry and that it acted in accordance with advice from counsel. As the Board of Appeal correctly pointed out ..., the simple fact that other companies may be using a specific filing

strategy does not necessarily make that strategy legal and acceptable. Furthermore, as is stated in essence by EUIPO, it is on the basis of the circumstances of the particular case that it must be assessed whether or not such a strategy complies with Regulation No 207/2009. It is, however, apparent from what has been stated earlier that the applicant intentionally sought to circumvent a fundamental rule of EU trade mark law, namely that relating to proof of use, in order to derive an advantage therefrom to the detriment of the balance of the system resulting from that law, as established by the EU legislature. Consequently, although there is nothing to prohibit the proprietor of an EU trade mark from re-filing that mark, the applicant's intention must be held to be contrary to the objectives of Regulation No 207/2009 (see paragraph 70 above). In the specific circumstances of the present case, the applicant cannot, in order to cast doubt on the assessment that it acted in bad faith, usefully rely, even if they were proved, either on the fact that it was common for undertakings to pursue the same trade mark filing strategy or on the fact that it had acted in accordance with advice from counsel.”

48. Returning to the present case, I am unable to agree with the judge's reasoning at [83] for two reasons. First, it is not correct to say that the allegation that the Wordless Mark was applied for solely for deployment as a legal weapon is “no more than assertion”. All allegations in statements of case are assertions by parties as to the facts. Tesco's plea in paragraph 47.4 is no different: it alleges as a fact that Lidl applied to register the Wordless Mark solely for use as a legal weapon. In principle, it would be open to Lidl to adduce evidence on a summary judgment application to show that that factual assertion is manifestly unsustainable, but Lidl have not done so. For the purposes of rule 3.4(2)(a), the allegation must be assumed to be true. It is fair to say that the allegation is implicitly, if not explicitly, pleaded as an inference, but that is no objection. Absent an admission, the subjective intention of a party is usually a matter of inference from objective facts. Bad faith is no different in this respect, as Sir Christopher Floyd's point 9 confirms. The intention which Tesco allege in paragraph 47.4 is in my judgment a permissible inference from the facts pleaded in paragraphs 47.1 to 47.3. Furthermore, the inference is supported by Lidl's admission which I have set out in paragraph 27 above.
49. Contrary to the submission of counsel for Lidl, the inference cannot be disproved merely by the counter-assertion that Lidl were entitled to obtain a wider scope of protection than that conferred by registrations of the Mark with Text. Whether obtaining that wider scope of protection was legitimate requires a factual investigation, in particular as to the extent of the reputation and goodwill which attached to the Mark with Text in 1995 and as to whether the average consumer in 1995 would have perceived the Wordless Mark as designating the origin of Lidl's goods and/or services: see Sir Christopher's point 12.
50. This takes me to the second reason. The question raised by Tesco's claim is whether Lidl's filing strategy with respect to the Wordless Mark amounted to an abuse of the trade mark system. In the light of the case law discussed above, and in particular

*Target Ventures*, it is clear that for an applicant to seek unjustifiably broad protection may amount to an abuse of the trade mark system which constitutes bad faith. Whether it does constitute bad faith is at least to some extent a fact-sensitive question which depends in large part on the applicant's intentions. I agree with the judge at [96] that the question on a strike out application such as this is whether the statement of case pleads sufficient objective indicia to give rise to a real prospect of the presumption of good faith being overcome so as to shift the evidential burden to the applicant for registration to explain its intentions. In my view Tesco's pleading does so.

51. Nor am I able to agree with the judge's reasoning at [86]. First, I do not regard Tesco's inexplicable failure to plead the pre-1995 registration of the Mark with Text as significant. As discussed above, this is a matter of public record. Moreover, as the judge recognised, its existence was implicitly acknowledged by Lidl's own arguments before her. Secondly, the judge's statement that "the mere existence of an overlapping mark" is not "enough, without more, to undermine the presumption of good faith" fails to recognise that, as discussed above, Tesco's case is not based on the mere existence of an overlapping mark.
52. Accordingly, in my judgment paragraphs 47.1 to 47.4 of the Amended Defence and Counterclaim plead a claim which has a real prospect of success. It is not suggested by Lidl that, if paragraphs 47.1 to 47.4 remain, paragraphs 48.1 to 48.6 should nevertheless be struck out. I shall nevertheless deal with the allegation of evergreening since it is relied upon by Tesco both as supporting their main case and as an independent attack upon the later registrations.
53. Again, the judge's statement at [91] that "the mere existence of overlapping filings" is not "enough to give rise to a *prima facie* case of bad faith" fails to recognise that Tesco's case is not based upon the mere existence of overlapping filings. Rather, Tesco rely upon the facts (which are actually undisputed) that (i) Lidl have never used the Wordless Mark in the form in which it was registered, (ii) Lidl registered the Wordless Mark in 1995 in order to obtain a wider scope of protection than that conferred by the Mark with Text and (iii) Lidl applied to re-register the Wordless Mark in respect of (partially) duplicative goods and services in 2002, 2005, 2007 and 2021. As I have explained, Tesco rely upon point (iii) both as supporting its case based on points (i) and (ii) and as founding an independent objection to the later registrations.
54. Nor am I able to agree with the judge's reasoning at [93] and [98]-[100]. Tesco have pleaded the registrations they rely upon in support of their case on evergreening. The specifications of goods and services of those registrations are a matter of public record. Tesco aver in paragraph 48.1 that the later registrations "duplicate coverage of various goods and services covered by" the 1995 registrations. If Lidl had wanted particulars of the "various goods and services" they could have asked for them, but as it happened Tesco anticipated the request by providing the spreadsheet. There is no dispute as to what the spreadsheet shows, nor could there be. The upshot is that there is in fact no dispute that the later registrations duplicate coverage of quite a lot of goods and services covered by the 1995 registrations, as does the 2021 application. Nor is there any dispute that the later registrations cover goods and services which are not covered by the 1995 registrations. (Indeed, the 2021 application covers every single Class, something which in and of itself raises questions about Lidl's filing

strategy.) I therefore do not agree that Tesco have failed to plead “specific points of detail” which they ought to have pleaded.

55. The judge appears to have thought that her approach was mandated by what Nugee J (as he then was) said in *Jaguar* at [49] which was cited with approval by Sir Christopher Floyd in *Sky CA* at [75]. I confess that I am unable to see why it is incumbent on an applicant for a declaration of invalidity who alleges that the proprietor has registered the trade mark for a broad specification of goods and/or services when the proprietor only intended to use the trade mark for a much narrower specification of goods and/or services, and thus made the application in bad faith insofar as the specification exceeded the proprietor’s intended scope of use, to specify what would have been a legitimate specification for the proprietor to apply for. In such a case the bad faith alleged is that the proprietor has applied for an illegitimately broad specification and thereby abused the trade mark system. It is not necessary for the applicant to plead what specification the proprietor could legitimately have applied for in order to raise a *prima facie* case: for example, the proprietor may have applied to register the trade mark in fields remote from its own area of business. The issue of breadth of specification frequently arises in cases of revocation for non-use where the proprietor has a broad specification, but has only made genuine use of the trade mark in relation to some of those goods and/or services. There is no obligation on the applicant for revocation to specify at the outset what narrower specification the proprietor would be entitled to. Rather, it is for the proprietor to prove what use it has actually made of the trade mark during the relevant period and for the court then to devise a fair specification reflecting that use in the light of the parties’ submissions.
56. Even if it is the law that, in a dispute over the breadth of the specification of goods and/or services, it is incumbent on the applicant for a declaration of invalidity to plead the narrower specification which it contends that the proprietor should have applied for, I do not accept that that principle has any application to the present case. The allegation in the present case is not of an unduly broad specification, but of evergreening so as to avoid sanctions for non-use. Tesco have pleaded the specifications relied upon, have alleged that they duplicate coverage conferred by the 1995 registrations and given particulars of that allegation by way of the spreadsheet and have alleged that Lidl intended to avoid sanctions for non-use. In my view that is enough at this stage.
57. The next point I wish to mention is that Lidl’s attempt to rebut the charge of evergreening by pointing out that the 2002, 2005 and 2007 registrations were EU registrations does not provide a sufficient answer. It was, while the UK was a Member State of the EU, commonplace and entirely legitimate for the proprietor of a UK trade mark to apply for registration of the same trade mark as an EU trade mark in respect of the same goods and/or services so as to obtain much wider geographical coverage. But that is not sufficient to explain Lidl’s applications in 2005, 2007 and 2021.
58. Finally, I disagree with the judge’s suggestion at [94] that it is somehow a flaw in Tesco’s case that it is premised upon non-use of the Wordless Mark in the form in which it is registered. It is, of course, true that, if Lidl had used the Wordless Mark in the form in which it had been registered, they would not need to re-register the Wordless Mark to avoid the consequences of non-use (if the argument based on use in a form which does not alter its distinctive character fails and subject to any questions about the extent of use and the breadth of specification to which Lidl were entitled in

the light of such use). But that is no answer to Tesco's case on evergreening. Furthermore, the lack of intention to use and lack of actual use of the Wordless Mark in the form in which it is registered are what link the two aspects of Tesco's overall case.

59. Accordingly, in my judgment paragraphs 48.1 to 48.6 of the Amended Defence and Counterclaim also plead a claim with a real prospect of success.

### Conclusion

60. For the reasons given above I would allow this appeal.

### **Lady Justice King:**

61. I agree.

### **Lord Justice Lewison:**

62. I also agree.