



Neutral Citation Number: [2022] EWCA Civ 552

Case No: CA-2021-000592 (formerly A3/2021/0852)

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)
Mr Justice Michael Green
[2021] EWHC 118 (Ch)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 4 May 2022

Before :

SIR GEOFFREY VOS, MASTER OF THE ROLLS
LORD JUSTICE ARNOLD
and
LORD JUSTICE SNOWDEN

Between :

(1) LIFESTYLE EQUITIES CV	<u>Claimants/</u>
(2) LIFESTYLE LICENSING BV	<u>Appellants</u>
- and -	
(1) AMAZON UK SERVICES LIMITED	<u>Defendants/</u>
(2) AMAZON EXPORT SALES LLC	<u>Respondents</u>
(3) AMAZON.COM INC	
(4) AMAZON EUROPE CORE SARL	
(5) AMAZON EU SARL	

Michael Edenborough QC and Thomas St Quintin (instructed by Brandsmiths) for the
Appellants

Daniel Alexander QC and Maxwell Keay (instructed by Hogan Lovells International LLP)
for the Respondents

Hearing dates : 5-6 April 2022

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 4 May 2022.

Lord Justice Arnold:

Introduction

1. The Claimants (“Lifestyle”) are respectively the owner and the exclusive licensee of various UK and EU trade marks (“the Trade Marks”) consisting of either the words BEVERLY HILLS POLO CLUB or a logo comprising those words together with a device of a horse and rider registered in respect of various goods including clothing. The precise details do not matter. There are corresponding trade marks registered in the USA which are owned by a commercially unrelated party. The US trade mark owner markets goods identical to those for which the Trade Marks are registered under signs identical to the Trade Marks (“US branded goods”) in the USA. Lifestyle have never consented to US branded goods being placed on the market in the UK or the EU.
2. The Defendants (collectively “Amazon”) are all members of the well-known group of companies that operate e-commerce websites. For the purposes of this case the relevant Amazon websites are: (i) the website at www.amazon.com (described by Amazon as the US website); (ii) the UK website at www.amazon.co.uk; and (iii) the German website at www.amazon.de.
3. Lifestyle claim that Amazon have infringed the Trade Marks by advertising, offering for sale and selling US branded goods to consumers in the UK and the EU and that Amazon are jointly liable for the importation of US branded goods into the UK and the EU. Without admitting liability, Amazon put in place successive restrictions in 2018, January 2019 and November 2019 designed to address Lifestyle’s complaint, but Lifestyle contend that the restrictions still do not go far enough. Shortly before trial Amazon made a limited admission of past infringement on a small scale in respect of one of their business models in issue, but otherwise Amazon deny any infringement.
4. Michael Green J dismissed Lifestyle’s claims, save to the limited extent that they had been admitted, for the reasons given in his judgment dated 27 January 2021 [2021] EWHC 118 (Ch). Lifestyle now appeal with permission granted by the judge.
5. The claim was brought at a time when the UK was still a Member State of the EU, and it was tried shortly before the end of the implementation period under the UK-EU Withdrawal Agreement. It is common ground that the issues may be decided by reference to European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 on the European Union trade mark (“the Regulation”). It is also common ground that they are unaffected by Brexit. For clarity, however, I will refer to “the UK and the EU” (as they now are) rather than just “the EU” (as it was when the claim was brought). Furthermore, I will concentrate on the UK, since the sample transactions described below all relate to the UK.

Factual background

6. The judge set out the facts in some detail in his judgment, although limitations in the evidence adduced by the parties prevented him from making findings on certain points. For the purposes of the appeal the relevant factual background may be summarised as follows.

The business models

7. Amazon operate four business models which are in issue in this case:
 - i) Amazon Exports-Retail. Customers shopping on amazon.com purchase products from Amazon. Amazon handle all aspects of the transaction, including processing the order and payment, and arranging for storage, shipping and delivery of the products to another country such as the UK.
 - ii) FBA Export. FBA stands for “Fulfilled by Amazon”. Third party sellers place their products on amazon.com and international customers buy those products from the third party sellers. Amazon handle all aspects of the transaction, including processing the order and payment, and arranging for storage, shipping and delivery of the products to another country such as the UK.
 - iii) MFN Export. MFN stands for “Merchant Fulfilled Network”. This model is also referred to as FBM, which stands for “Fulfilled by Merchant”. Third parties sell their products to international customers through amazon.com. In contrast to FBA Export, Amazon do not handle the storage, shipping, delivery and other logistics of exporting the product. Amazon handle payment processing.
 - iv) Amazon Global Store. Amazon offer a service on amazon.co.uk and amazon.de whereby a consumer on those websites can access listings for certain products on amazon.com and purchase such products. Amazon handle all aspects of the transaction including arranging shipping and delivery.

The roles of the Defendants

8. The involvement of each of the Defendants in these business models is as follows:
 - i) The First Defendant, Amazon UK Services Ltd, is a UK company. It provides fulfilment and other corporate services to the Fourth and Fifth Defendants in respect of transactions with a UK element. It is a subsidiary of the Fourth Defendant. It also provides support for sales conducted through Amazon Global Store from amazon.co.uk.
 - ii) The Second Defendant, Amazon Export Sales LLC, is a company incorporated in Delaware, USA. It is the seller of products sold through Amazon Exports-Retail and Amazon Global Store.
 - iii) The Third Defendant, Amazon.com Inc, is also a company incorporated in Delaware. It is the ultimate parent company of the other Defendants and of the Amazon Group as a whole. It has no direct involvement in any of the business models, but Lifestyle claim that it is jointly liable for the infringements complained of. (At trial Lifestyle contended that Amazon.com Inc operated the amazon.com website, but the judge found that the website was operated by Amazon Services LLC prior to 1 January 2020 and by Amazon.com Services LLC since then.)
 - iv) The Fourth Defendant, Amazon Europe Core Sarl, is a Luxembourg company. It operates the UK and German websites. It is therefore responsible for Amazon

Global Store listings on those websites. It has no involvement in the amazon.com business models.

- v) The Fifth Defendant, Amazon EU Sarl, is also a Luxembourg company. Lifestyle alleged that it also operated the UK and German websites, but this was denied by Amazon. As I read the judgment, the judge accepted Amazon's denial.

The sample transactions

9. Lifestyle led evidence concerning test purchases in respect of two of the four business models, namely FBA Export and Amazon Global Store, although the evidence was not complete. Due to Lifestyle's failure to obtain evidence of test purchases in respect of the other two business models before Amazon voluntarily imposed restrictions, the parties agreed that evidence of sample transactions using goods bearing third party trade marks would be adduced instead. The four sample transactions are described below.
 10. It should be noted, however, that there appears to have been no evidence or argument before the judge concerning the question of how UK and EU consumers would arrive at the relevant listings. It appears to have been assumed that such consumers would first go to the relevant Amazon website and then search for Beverly Hills Polo Club goods. This is not necessarily correct, but in the absence of evidence it is not possible to take the matter any further.
 11. Similarly, there appears to have been no evidence or argument before the judge as to the motivations UK and EU consumers may have had for purchasing US branded goods, even though it is common ground that some did. It appears to have been assumed that such consumers were primarily motivated by price differentials between the US branded goods and similar goods marketed by Lifestyle in the UK and the EU under the Trade Marks despite the extra costs the consumers would have to pay in respect of shipping and import duties, but whether there were other motivations does not appear to have been explored. Again, in the absence of evidence it is not possible to take the matter any further.
- (1) Amazon Exports-Retail
12. It is common ground that the amazon.com website recognises the user's location, and therefore we are concerned with how it is seen by a UK consumer.
 13. The home page contains a banner across the top that says in relatively large print: "Welcome to Amazon.com". Beneath that it says: "We ship over 45 million products around the world". In much smaller print underneath the banner it says:

"You are on amazon.com. You can also shop on Amazon UK for millions of products with fast local delivery. Click here to go to amazon.co.uk".
 14. Lower down are icons accompanied by the legends "Shop in 8 languages" and "Shop in 60+ currencies". In addition, clicking on an arrow to the side of the banner brings up a replacement banner reading "Click here to shop in your local currency".

15. In the top left hand corner there is a legend that says: “Deliver to **United Kingdom**”. If the consumer clicks on or hovers over that, a box pops up that says:

“We ship internationally

We’re showing you items that ship to **United Kingdom**. To see items that ship to a different country, change your delivery address. Additional language and currency settings are available. Learn more”.

Within the box there are also two buttons which may be clicked: “Don’t change” and “Change Address”.

16. The product that was searched for in the sample transaction was “Cinch Boys’ Big Long Sleeve Printe D [sic] Shirt”. The search results extend to seven pages. The first page of results continues to display the statement in the top left hand corner “Deliver to **United Kingdom**”. It lists 60 items, most but not all of which included the statement “Ships to United Kingdom”.
17. Having selected one of the listings, the user was taken to a more detailed version of that listing. This page continues to display the statement in the top left hand corner “Deliver to **United Kingdom**”. A range of prices in USD are displayed, and the user is invited to select a size and colour.
18. Having selected a size and colour, the user was taken to a page setting out full details of the product. This continues to display the statement in the top left hand corner “Deliver to **United Kingdom**”. It shows the shirt’s price in USD (\$34.26) and the shipping cost also in USD (\$6.07). It then says:

“This item ships to **United Kingdom. Get it by Thurs, Feb. 20**
Choose this date at checkout. Learn more”.

19. Beneath this are “Add to Cart” and “Buy Now” buttons. Below these are the statements:

“Ships from and sold by Amazon.com

...

Deliver to United Kingdom”.

20. Once the user added the item to their cart and signs in, they were taken to a “Review your order” page. This shows that the shipping address is an address in London, United Kingdom, as is the billing address. “**Guaranteed delivery: Feb. 21, 2020**” is offered provided the order is placed in time. The item is stated to be “Sold by Amazon Export Sales LLC”. Beneath a button marked “Place your order in GBP” there is the following text:

“By placing your order you agree to Amazon’s privacy notice and conditions of use”

Both “privacy notice” and “conditions of use” are hyperlinks.

21. This is followed by an order summary of “Items GBP 27.28”, “Shipping & Handling GBP 4.83”, “Total before tax GBP 32.11”, “Import Fees Deposit GBP 6.74” and “**Order total: GBP 38.85**”. This is followed by “Selected payment currency” with GBP selected (as opposed to USD) and “Applicable Exchange Rate”. After a statement about the import fees deposit there is a “Learn more” hyperlink.
22. The “conditions of use” include the following:

“RISK OF LOSS

All purchases of physical items from Amazon are made pursuant to a shipment contract. This means that the risk of loss and title for such items pass to you upon our delivery to the carrier.”
23. Amazon’s “International Shipping Terms and Conditions” can be accessed by the customer through the “learn more” hyperlink. These include the following:

“Each item in your order is sold by Amazon Export Sales LLC (‘Amazon Export’) or the merchant that the item is specified as sold by (‘Merchant’).

Those items for shipment to countries outside of the U.S. may be subject to taxes, customs duties and fees levied by the destination country (‘Import Fees’). The recipient of the shipment is the importer of record in the destination country and is responsible for all Import Fees.

With respect to each item for which Import Fees have been calculated, you authorize Amazon Export or Merchant (as applicable) to designate a carrier (‘Designated Carrier’) to act as your agent with the relevant customs and tax authorities in the destination country, to clear your merchandise, process and remit your actual Import Fees for such item.

...

These terms and conditions are in addition to the standard Conditions of Use of the Amazon website. Pursuant to those terms, title and risk of loss for the items transfer to the recipient upon delivery to the common carrier in the United States.”
24. There is also an explanation of the import fees deposit. In essence, the amount is Amazon’s prediction of the importation duties payable on the item in the destination country. Although the customer is the “importer of record”, the importation duties are paid by Amazon. Amazon will not ask for more money from the customer if the import fees deposit is less than the actual amount levied. If the deposit is more than the actual amount, Amazon will refund the excess to the customer.
25. In the sample transaction the customer in the UK subsequently received, inter alia, (i) a shipping confirmation by email, (ii) a refund of the excess import fee from the deposit in GBP and (iii) a parcel containing the ordered item.

(2) FBA Export

26. In this model the consumer follows exactly the same journey through amazon.com as in the Amazon Exports-Retail model. The sample transaction concerned two US branded men's polo shirts purchased by Catherine Mills of Lifestyle's solicitors. Screenshots of the various stages of the buying process were not adduced in evidence, but the subsequent communications were. For present purposes it is sufficient to mention one of these.
27. On 15 November 2018 Ms Mills received an email from Amazon with the Order Confirmation. The email thanked her "for shopping with us"; there was no mention of any third party seller. The email set out the price paid in USD, including the import fees deposit, but then converted the total into GBP. At the bottom of the email, it referred to "Amazon Export Sales Inc." as the seller (apparently a reference to the Second Defendant).

(3) MFN Export

28. The consumer experience in this model is materially the same as with Amazon Exports-Retail and FBA Export. The sample transaction involved a search for "9 Crowns Essentials Boys' Guaybera Button Down Shirt". The only real difference is that, on the full product detail page below the "Buy Now" button, it identifies the third party seller: "Ships from and sold by Webzom".
29. The "Order Confirmation" email is from Amazon and there is no mention of the third party seller. When the delivery was delayed, a message was sent via amazon.com to the purchaser apologising for the late delivery and saying that, if the package was not received by the following day, "you can come back here the next day for a refund or replacement". The message also stated: "Tracking info provided by Webzom".
30. Amazon provide an "A-Z Guarantee" which is said to protect the customer even when items are purchased from and fulfilled by a third party seller.

(4) Amazon Global Store

31. The sample transaction was a purchase of two packs of US branded men's boxer briefs by John Battersby of Lifestyle's solicitors. When "beverly hills polo" was searched on the Amazon Global Store service on amazon.co.uk a number of listings of US branded goods were displayed. The full product detail page for one pack shows the price (£8.00) and "UK delivery" charge (£6.74) in sterling, and states: "Dispatch to: London, England EC4N". It also states: "Dispatched from and sold by Amazon US".
32. On 3 March 2017 Mr Battersby received an "Order Confirmation" from amazon.co.uk for his purchase of two packs of boxer briefs for a total price of £18.68. Postage and packing were £6.41 and the Import Fees Deposit was £5.01. This totalled £30.11. At the bottom of the page it said:
- "This order contains one or more items sold by Amazon Export Sales, LLC ('Amazon US') and shipped from the US."
33. On 30 November 2020 Amazon admitted that the listings displayed on amazon.co.uk and amazon.de "were advertisements which infringed the Claimants' UK and EU

registered trade marks”, but did not admit that the resulting sales were also infringements.

Sales

34. In the seven years from 2013 to 2019 the total quantity of sales by Amazon of US branded goods to the UK/EU through all four business models was 325 (by unit) and \$4,514.26 (by value). In 2019 three units were sold with a total value of \$45.97. In the same seven year period the quantity of US branded goods sold to the UK/EU through the Amazon Exports-Retail, FBA Export and MFN Export models was 168 (by unit) and \$2,600 (by value).

Other data

35. There were 95 million monthly “unique visitors” to amazon.com from within the USA alone in 2014. It is common ground that this number will have steadily increased in subsequent years. There was no data in evidence as to the numbers of visitors from the UK and the EU. The judge inferred that the volume of traffic from the UK/EU visitors would have mirrored the proportions of active users viewing US branded goods discussed in the next paragraph. If so, that would mean that there were around 1 million monthly UK/EU visitors in 2017.
36. The proportion of “active users” from the UK/EU who viewed US branded goods on amazon.com compared with US-based active users who viewed the same products in the five quarters from January 2019 to March 2020 ranged between 0.6% and 0.8%. The judge found that the percentage would have been higher in 2017, but still below 1%. No finding was made as to the absolute numbers represented by these percentages.
37. As a percentage of the cost of US branded goods, US purchasers paid 2.1% in shipping costs in 2018 whereas UK/EU customers paid 36.4%. (I assume, although it is not clear, that this figure includes import duties.)

Relevant provisions of the Regulation

38. Article 9 of the Regulation provides, so far as relevant:

“Rights conferred by an EU trade mark

1. The registration of an EU trade mark shall confer on the proprietor exclusive rights therein.
2. Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the EU trade mark, the proprietor of that EU trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where:
 - (a) the sign is identical with the EU trade mark and is used in relation to goods or services which are identical with those for which the EU trade mark is registered;

...

3. The following, in particular, may be prohibited under paragraph 2:
- ...
- (b) offering the goods, putting them on the market, or stocking them for those purposes under the sign, or offering or supplying services thereunder;
 - (c) importing or exporting the goods under the sign;

...

 - (e) using the sign on business papers and in advertising;

... ”

Summary of the issues

39. The case law of the Court of Justice of the European Union establishes that the proprietor of a trade mark can only succeed in a claim for what is commonly called “double identity” infringement under Article 9(2)(a) of the Regulation if six conditions are satisfied: (i) there must be use of a sign by a third party within the relevant territory; (ii) the use must be in the course of trade; (iii) it must be without the consent of the proprietor of the trade mark; (iv) it must be of a sign which is identical to the trade mark; (v) it must be in relation to goods or services which are identical to those for which the trade mark is registered; and (vi) it must affect or be liable to affect the functions of the trade mark.
40. In the present case, there is no dispute that, if conditions (i) and (ii) are satisfied, then conditions (iii)-(vi) are also satisfied. The principal issue is whether condition (i) is satisfied, and in particular whether the uses complained of were in the relevant territory, namely the UK and the EU. There is no dispute that advertisements, offers for sale, sales and importations are “uses” falling within Article 9(3) of the Regulation. There are, however, two sub-issues. The first is whether the advertisements and offers for sale complained of constituted use in the relevant territory: as it is commonly put, were they “targeted” at the UK and the EU? The second sub-issue is whether, even if the advertisements and offers for sale were not “targeted” at the UK and the EU, sales made to UK and EU consumers nevertheless constituted use of the sign in the UK and the EU.
41. Although there is also a dispute as to whether importation into the UK and the EU is use within those territories once the goods have cleared customs (as Lifestyle contend), or whether there is a further requirement that the importer put the goods into free circulation (as Amazon contend), for the reasons explained below it has not proved necessary to determine this issue.
42. As for condition (ii), it is common ground that (a) any use by Amazon or by the carriers engaged by Amazon was in the course of trade, but (b) any use by individual consumers purchasing goods from Amazon websites for their own consumption was not. This gives rise to an issue as to whether the importation of US branded goods into the UK

and the EU was an infringing act. Again, for the reasons explained below, it has not proved necessary to determine this issue.

43. No issue has been raised by Amazon as to whether, if the uses in the other business models infringe, the uses in the MFN Export model stand in a different position.

Targeting

The law

44. The internet is global. Users in the UK and the EU can, in the absence of geo-restriction, access websites hosted, and content posted on such websites, from anywhere in the world. Intellectual property rights, however, are territorial. At least in the case of copyright (and similar rights) and trade marks, the CJEU has held that mere accessibility of a website from a Member State of the EU is not sufficient to give rise to an infringement of rights conferred by the law of that State or of the EU, and that the relevant act must be “directed” or “targeted” at that State or at the EU: see Case C-324/09 *L’Oréal SA v eBay International AG* [2011] ECR I-6011 (trade marks), Case 5-/11 *Donner* [EU:C:2012:370] (copyright) and Case C-173/11 *Football Dataco Ltd v Sportradar GmbH* [EU:C:2012:642] (database right).
45. The law has twice been reviewed by this Court in the trade mark context: *Merck KGaA v Merck Sharp & Dohme Corp* [2017] EWCA Civ 1834, [2018] ETMR 10 and *Argos Ltd v Argos Systems Inc* [2018] EWCA Civ 2211, [2019] Bus LR 1728.
46. In *Merck v Merck* Kitchin LJ, with whom Patten and Floyd LJ agreed, summarised the relevant principles by reference to an advertisement of goods as follows:
- “167. First, in determining whether an advertisement of goods bearing a trade mark on the website of a foreign trader constitutes use of the trade mark in the UK, it is necessary to assess whether the advertisement is targeted at consumers in the UK and in that way constitutes use of the mark in relation to goods in the course of trade in the UK.
168. Secondly, the mere fact that a website is accessible from the UK is not a sufficient basis for concluding that an advertisement displayed there is targeted at consumers in the UK.
169. Thirdly, the issue of targeting is to be considered objectively from the perspective of average consumers in the UK. The question is whether those average consumers would consider that the advertisement is targeted at them. Conversely, however, evidence that a trader does in fact intend to target consumers in the UK may be relevant in assessing whether its advertisement has that effect.
170. Fourthly, the court must carry out an evaluation of all the relevant circumstances. These may include any clear expressions of an intention to solicit custom in the UK by, for example, in the case of a website promoting trade-marked

products, including the UK in a list or map of the geographic areas to which the trader is willing to dispatch its products. But a finding that an advertisement is directed at consumers in the UK does not depend upon there being any such clear evidence. The court may decide that an advertisement is directed at the UK in light of some of the non-exhaustive list of matters referred to by the Court of Justice in *Pammer* at [93]. Obviously the appearance and content of the website will be of particular significance, including whether it is possible to buy goods or services from it. However, the relevant circumstances may extend beyond the website itself and include, for example, the nature and size of the trader's business, the characteristics of the goods or services in issue and the number of visits made to the website by consumers in the UK."

47. What the CJEU said in Case C-144/09 *Pammer v Reederei Karl Schluter GmbH & Co. KG and Hotel Alpenhof GesmbH v Heller* [2010] ECR I-12527 at [93] was as follows:

"The following matters, the list of which is not exhaustive, are capable of constituting evidence from which it may be concluded that the trader's activity is directed to the Member State of the consumer's domicile, namely the international nature of the activity, mention of itineraries from other Member States for going to the place where the trader is established, use of a language or a currency other than the language or currency generally used in the Member State in which the trader is established with the possibility of making and confirming the reservation in that other language, mention of telephone numbers with an international code, outlay of expenditure on an internet referencing service in order to facilitate access to the trader's site or that of its intermediary by consumers domiciled in other Member States, use of a top-level domain name other than that of the Member State in which the trader is established, and mention of an international clientele composed of customers domiciled in various Member States. It is for the national courts to ascertain whether such evidence exists."

48. In *Merck v Merck* Kitchin LJ also said at [165]:

"... I agree that if, viewed objectively from the perspective of the average consumer, a foreign trader's internet activity is targeted at consumers in the UK, the fact that, viewed subjectively, the trader did not intend this result will not prevent the impugned use from occurring in the UK. But that is not to say that the actual intention of the website operator is irrelevant. If the foreign trader does intend to target its internet activity at consumers in the UK then it seems to me that this is a matter which the court may properly take into account. After all, a trader may be expected to have some understanding of the market it intends to penetrate and it may not be difficult to infer that this intention has been or is likely to be effective (see, by

analogy, *Slazenger v Feltham* (1886) 6 RPC 531 at page 536, per Lindley LJ.”

49. In *Argos v Argos* Floyd LJ, with whom Lord Kitchin and Sir Colin Rimer agreed, added the following observations:

“48. Targeting is not an independent doctrine of trade mark law. It is, in essence, a jurisdictional requirement. Because trade marks are territorial in effect, those who are doing business exclusively outside the UK should not have their dealings subjected to the trade mark law of the UK. Failure to recognise this principle is a failure to give effect to the territoriality of the underlying rights. Moreover the fact that a website is accessible from anywhere in the world, and therefore may attract occasional interest from consumers there when this is not intended, should not give rise to any form of liability. ...

51. The[...] passages [from *Merck v Merck* cited above] make it clear that evidence of subjective intention is a relevant, and possibly (where the objective position is unclear or finely balanced) a determinative consideration in deciding whether the trader's activities, viewed objectively from the perspective of the average consumer, are targeted at the UK. Subjective intention cannot, however, make a website or page (or part of a page) which is plainly, when objectively considered, not intended for the UK, into a page which is so intended.

52. It is important to note that the summary of principles in the *Merck* case relates to the example of an advertisement for goods, where the role of the average consumer will be to determine whether the advertisement is targeted at him or her. In each case it will be necessary to look at the acts which are asserted to be use of the trade mark, and to focus on whether those acts are targeted at the UK. The scope of the enquiry will vary from case to case, as will the factors which are relevant to its determination. To that extent, I am prepared to accept that the role of the average consumer on the issue of targeting may differ from case to case.”

50. Although it is not as authoritative as *Merck v Merck* and *Argos v Argos*, I note that the judge was not referred to my first instance judgment in *Walton International Ltd v Verweij Fashion BV* [2018] EWHC 1608 (Ch), [2018] RPC 19, which he might have found of assistance, in particular because it cited with approval an “illuminating” passage from the judgment of Daniel Alexander QC sitting as a Deputy High Court Judge in *Abanka dd v Abanca Corporación SA* [2017] EWHC 2428 (Ch), [2018] Bus LR 612 in which he concluded at [103]:

“Put colloquially, a proprietor should be treated as having used a mark in the UK if it has itself ‘pushed’ its business and mark into the UK, not if it has been ‘pulled’ into the UK by (for example) its customers abroad, even though they may be based in the UK. That is the upshot of

the case law on ‘direction’ or ‘targeting’ of a website to the UK cited above (see the summary of CJEU case law in the *Stichting BDO* case [2013] FSR 35). Quite what constitutes enough push of goods, services or advertising for them to the UK is not always easy to determine, especially in cases where a proprietor may be, in effect, a ‘pulled-pusher’ in that, without having taken any active steps to develop the market in the UK, it none the less takes business from consumers based in the UK.”

51. Five questions were debated during the course of argument before us, although in the end I detected little, if any, difference between the parties’ respective positions on any of them. The first concerns the word “targeting”. While this is a convenient label, it does not appear in the legislation. The issue is whether there is “use” of the sign in the relevant jurisdiction. In making that assessment, it is important not to be distracted by the label of “targeting”.
52. The second question is whether the purpose of the enquiry makes any difference. *Walton v Verweij* and *Abanka v Abanca* were both cases in which the ultimate issue was whether there had been genuine use of the trade mark by the proprietor in the relevant territory so as to preserve the registration from a non-use attack, whereas the ultimate issue in this case is whether there has been infringing use of the sign by another party in the relevant territory (as it was in *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch), [2013] FSR 35, to which the judge was referred). It is common ground, however, that the same approach is applicable in both contexts.
53. The third question is the relevance of the subjective intention of the putative user of the sign. As to that, *Merck v Merck* and *Argos v Argos* establish that whether there has been use of the sign in the relevant territory must be objectively assessed. The subjective intention of the putative user may have evidential relevance to that objective assessment, but that is as far as it goes.
54. The fourth question is the relevance of the perception of the average consumer. In my judgment it is clear that, as with most questions concerning the use of signs in trade mark law, whether there has been use of the sign in the relevant territory must be assessed from the perspective of the average consumer of the relevant goods or services who is deemed to be reasonably well-informed and reasonably observant and circumspect. Thus one excludes from consideration those who are either ignorant or have specialist knowledge and those who are either careless or excessively careful, but otherwise one takes into account the characteristics of the relevant class of consumers. Such consumers are not an undifferentiated mass, but have the spread of relevant characteristics that human beings have. To take a familiar example, some people pronounce certain words in different ways, and therefore one must take the differing pronunciations into account. In the present context, one must take into account the fact that consumers have differing attitudes to purchasing goods from foreign websites: some are averse to the very idea; some positively want to purchase goods from foreign websites e.g. because the goods they desire are not readily available from UK websites; and many others have probably never thought about the question.
55. Assessment from the perspective of the average consumer does not mean that the assessment is confined to facts known to the relevant class of consumers. On the contrary, it may well be relevant to take into account facts, such as statistics concerning

visits to and purchases from websites, which are not known to consumers, but which cast light on their perceptions.

56. The fifth question concerns the specificity of the assessment. In my judgment it is clear that there must be a specific assessment in relation to each type of use complained of. This does not just mean that the assessment must take into account the context and nature of each type of use complained of. It also means that, for example, the assessment may differ for use of the sign in (i) an advertisement aimed generally at the relevant class of consumer and (ii) a specific offer for sale to a particular consumer. Even if advertisements displayed on a website are generally not targeted at a particular territory, specific offers for sale made to individual consumers in that territory may be so targeted as a result of what Mr Alexander QC described in *Abanka v Abanca* as “pulled-pushing”: see *Walton v Verweij*. I shall consider the position concerning actual sales separately below.

The judge’s assessment

57. The judge set out his assessment at [160]-[179]. Although the agreed issue was whether the listings of the US branded goods were targeted at the UK/EU, it would seem that Lifestyle’s argument and Amazon’s response focussed as much on the targeting of the amazon.com website as the listings themselves.
58. As recorded at [161], the judge understood that Lifestyle’s argument was that the amazon.com website and the listings were targeted at the world and not just the US. This was an overly broad proposition that the judge did not accept. Before us Lifestyle’s case was clarified: it was that the relevant listings target the UK and the EU, regardless of which other countries may or may not be targeted.
59. At [162] the judge recorded Amazon’s submission that the position was:

“really very simple: amazon.com is only targeted at US consumers and ... the UK and each EU country (and presumably many other countries as well) have their own targeted website.”

The judge did not record any explanation by Amazon as to why, if amazon.com was only targeted at US consumers, it enabled consumers to purchase in eight languages and more than 60 currencies and why it offered delivery to the UK. Nor did Amazon explain why the existence of other Amazon websites targeted at UK/EU consumers precluded the possibility of the relevant listings on amazon.com being targeted at UK/EU consumers.

60. At [163] the judge recorded Amazon’s submission that:

“UK customers who choose to stay on amazon.com and to shop from there are making a conscious decision to do so, despite knowing that it would be simpler, quicker and most likely far cheaper in respect of shipping costs and import duties to shop on amazon.co.uk. Furthermore, some items displayed on amazon.com are shown as not eligible for shipment to the UK which is an indication that amazon.com is not targeted at the UK.”

The judge did not record any explanation offered by Amazon of how all relevant UK/EU consumers would know that it would be simpler, quicker and most likely far cheaper in respect of shipping costs and import duties to shop on amazon.co.uk. Nor did the judge comment on the peculiar logic of Amazon's submission in the second sentence I have quoted: what about the items which are shown as eligible for shipment to the UK?

61. At [164] the judge considered the volume of traffic from UK/EU visitors to Amazon.com and concluded that it was "very small by comparison with numbers from the US". He did not consider what this meant in absolute terms: compare paragraph 35 above.
62. At [165]-[167] the judge set out a series of factors relied upon by counsel for Lifestyle as supporting Lifestyle's case on targeting, including such matters as the statements about delivering to the UK, shipping to the UK, pricing in GBP and Amazon's handling of import duties. At [168]-[169] the judge recorded counsel for Amazon's response that these were "simply evidence that Amazon always strives to provide an easy customer experience". Despite this, counsel for Amazon submitted, "the average consumer knows that amazon.com is targeted at the US and not at them". The judge did not record any explanation by Amazon of how the average consumer knows this.
63. At [170] the judge referred to the figures for sales of US branded goods to the UK/EU though the three amazon.com business models and the figures for shipping costs.
64. The core of the judge's reasoning was as follows:
 - "171. In my judgment it is plain that both amazon.com and the BHPC listings on it are not targeted at the UK/EU consumer. Such a consumer knows full well that they are viewing or shopping on the Amazon website that is primarily directed at US consumers. The Claimants submitted that it is irrelevant that amazon.com also targets US consumers but in my view it is highly relevant if the average UK consumer believes that amazon.com is targeted at US consumers and not them. They will clearly have appreciated all the disadvantages to them of shopping on amazon.com for delivery in the UK but decided that they wish to do so anyway. Having made that decision to shop on amazon.com despite all those disadvantages, it seems to me to be largely irrelevant that Amazon thereafter makes the process as painless and easy as possible.
 172. In any event I do not think it is appropriate to look at this issue in terms of whether amazon.com as a whole targets UK/EU consumers. The issue is whether the sign has been used by one or more of the Defendants in the UK/EU. In this context, the use must be by way of an 'offer for sale' or an 'advertisement'. Therefore the only relevant inquiry is whether such use of the sign in the listings of BHPC products was in the UK/EU. If amazon.com as a whole targets the UK/EU then it would probably follow that the specific listings on it for BHPC products also targeted the UK/EU. But the trouble with that

analysis, as I sought to explain above, is that targeting is merely the device adopted by the Courts to establish whether there has been use of the sign in the UK/EU. It does not make sense to me to consider whether a website, containing millions of offers for sale or advertisements, itself targets the UK/EU. ...

...

174. As I have said above, ‘*targeting*’ imports the notion of taking deliberate aim at the consumers in another country; the offers for sale and advertisements are designed to attract sales from the territory in which the relevant trade mark is registered. If there is not that direct connection with the territory, then I do not see that there has been use in that territory. Whether one looks at it from the perspective of the average consumer or from the data as to sales and viewings, it is clear that the BHPC products listed on amazon.com are not targeted at the UK/EU. The average consumer in the UK who finds their way to those listings of BHPC products will have deliberately sought to do so and will not have been put off by the prohibitively high shipping and import costs and knows that they are buying such products from the US and from the US website of Amazon. The trivial number that have actually gone on to purchase BHPC goods from amazon.com must have had a specific reason for wanting to do so - perhaps the item they wanted was not available any other way (also some of the later purchases could have been test purchases) - but it cannot sensibly be said that those listings were targeting the UK/EU.”
65. At [175]-[178] the judge discussed evidence given by Lifestyle’s Managing Director Eli Haddad as to why Lifestyle objected to the acts complained of, which the judge said was “very revealing”. The judge did not explain how this evidence cast any light on the perceptions of the average consumer of the goods in issue. At [179] he concluded that there was no targeting and therefore no infringement by virtue of the listings complained of.

The appeal

66. Lifestyle accept that the judge was engaged in a multi-factorial assessment, and that they must therefore show that he erred in law or principle. Lifestyle contend that he erred in law in five respects: first, he wrongly imposed a requirement that the website should uniquely target the territory in question, or at least wrongly treated the absence of this as highly significant; secondly, he wrongly imposed a requirement that the operator should subjectively intend to target the territory in question, or at least wrongly treated the absence of such an intention as highly significant; thirdly, he failed correctly to assess the contexts of the various uses complained of; fourthly, he wrongly treated highly relevant factors relied on by Lifestyle as largely irrelevant; and fifthly, he wrongly proceeded on the basis that Lifestyle’s case was that amazon.com targeted the world. Amazon contend that the judge made no error of law or principle and reached a conclusion which he was entitled to reach.

67. In considering those contentions, it is convenient to start near the end of the consumer's journey while keeping firmly in mind the context provided by the preceding stages. I shall take by way of example the "Review your order" page described in paragraphs 20-21 above. There is no dispute that this is an offer (for sale) of the goods within Article 9(3)(b) of the Regulation (whether it would be categorised as an invitation to treat under English contract law is irrelevant for this purpose). If one asks whether that offer was targeted at the UK, in my view it is manifest that the answer is yes. The purchaser is located in the UK, the shipping address is in the UK, the billing address is in the UK, the currency of payment is GBP and Amazon will make all the necessary arrangements for the goods to be shipped to and imported into the UK and delivered to the consumer in the UK. I do not understand how it can seriously be argued that this offer for sale was not targeted at the UK, notwithstanding the valiant attempt of counsel for Amazon to do just that.
68. What led the judge to reach the opposite conclusion? It seems to me that, first, he was diverted by the arguments as to the targeting of the amazon.com website as a whole, and did not conduct an analysis of the targeting of each of the types of act complained of. In particular, he did not undertake a separate analysis in relation to later stages of the process.
69. Secondly, the judge accepted Amazon's argument that, because amazon.com was directed at US consumers, the relevant web pages were not targeted at UK/EU consumers. This does not follow:
- i) Even if amazon.com is primarily directed at US consumers, it is plainly not restricted to them. Although the UK user is informed by the amazon.com home page that they can shop at amazon.co.uk and get fast local delivery, it would be easy for the user to miss this statement. Even if they saw it, it is simply offering an alternative to amazon.com. The home page also tells the user that they can shop in eight languages and more than 60 currencies, and more specifically that they can get delivery to the UK. Furthermore, once the user has conducted a search, the message about amazon.co.uk no longer appears.
 - ii) In any event, the question is not whether amazon.com as a whole is targeted at the UK/EU, but whether the relevant uses of the sign are. As discussed above, the fact that the generality of a website is not targeted at the UK/EU does not exclude the possibility that specific uses of the sign on that website are.
70. Thirdly, the judge said that targeting "imports the notion of taking deliberate aim at consumers in another country". This is not correct: the question is whether there is use of the sign in the relevant territory, and there is no requirement for subjective intent on the part of the operator of the website.
71. Fourthly, the judge was persuaded to dismiss the factors relied on by Lifestyle which he discussed at [165]-[167] as "largely irrelevant" because they were said to be explicable as Amazon "mak[ing] the process as painless and easy as possible" after the consumer had already made a decision to buy on the amazon.com website. There was, however, no evidential basis for assuming that such a decision had been made at the initial stage of the process, and for reasons that I have explained, those factors in fact show that, at the "Review your order" stage, Amazon were offering US branded goods for sale to consumers in the UK and the EU.

72. Fifthly, the judge considered it significant that UK and EU consumers who bought US branded goods from amazon.com (i) would have to pay larger shipping costs than if they purchased comparable goods marketed by Lifestyle from the UK website or the German website and (ii) would have to pay import duties which would not be payable in the latter scenario. I disagree. Consumers would not necessarily be aware of these differences unless they made the comparison; and even if they were, the differences might have been offset by the assumed price differentials. I say “might have been offset by the assumed price differentials” because there does not appear to have been any evidence as to the actual price differentials. Still less was there any evidence as to the net difference in cost. In any event, while this might be a relevant factor, it is not a very significant one if the evidence shows, as in the present case it does, that some consumers were not put off by such higher costs.
73. Sixthly, the judge treated Mr Haddad’s evidence as relevant to this question, which it was not.
74. Given the errors in the judge’s approach, it is necessary to reconsider the issue. For the reasons I have already given, I consider it plain that the offer for sale made in the “Review your order” page was targeted at UK consumers. The remaining question is whether the same applies to earlier pages in the process. It is convenient to take them in reverse order, once again bearing in mind that this is not how the consumer would experience them.
75. Taking the full product details page, I consider that this is targeted at the UK. Not only does it state in two different places “Deliver to United Kingdom”, but also it states specifically that “This item ships to United Kingdom”, says that it can be delivered by a specified date and gives the shipping cost. It is fair to say that the price and shipping cost are both quoted in USD. Nevertheless it is plainly telling the UK consumer that they can buy this item and Amazon will arrange for it to be shipped to them in the UK. Moreover, it is clear that from the fact that sales were in fact made to UK consumers that that is precisely how they perceived it. There is no evidence to suggest that such consumers were not average consumers.
76. That leaves the search results page. This is more marginal, but in my view the balance is tipped by the fact that, in addition to the general statement “Deliver to United Kingdom”, which in my view might well not be enough on its own, there is displayed, where applicable, specific statements that the listed item “Ships to United Kingdom”. Again, the message to UK consumers is that they can buy this item and Amazon will arrange for it to be shipped to them in the UK. The fact that some items are not shown as available for shipment to the UK only emphasises this.
77. I do not understand it to be in dispute that the conclusions that I have reached in relation to the Amazon Exports-Retail business model are equally applicable to the other three models. It follows that all of the advertisements and offers for sale in issue amounted to use of the relevant signs in the UK and the EU, and hence infringing uses.

Sales

78. Amazon accepted during the course of argument that, if the relevant advertisements and offers for sale constituted use of the signs in the UK and the EU, then so did the resulting sales. I shall nevertheless address the question of sales on the hypothesis that the

relevant advertisements and offers for sale did not constitute use in the UK and the EU. This is for two reasons: first, in case I am wrong on targeting; and secondly, because it raises a question of law on which I consider that the judge reached the wrong conclusion.

79. In Case C-98/13 *Blomqvist v Rolex SA* [EU:C:2014:55] Mr Blomqvist, a resident of Denmark, ordered a watch described as Rolex from a Chinese online shop. The order was placed and paid for through the seller's English website. The seller sent Mr Blomqvist the watch from Hong Kong by post. The parcel was impounded by the Danish customs authorities pursuant to Council Regulation 1383/2003/EC of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights ("the Customs Regulation") on suspicion that the watch was counterfeit. Rolex and Mr Blomqvist were notified. Rolex confirmed that the watch was counterfeit and requested the destruction of the watch. Mr Blomqvist refused to consent to this. Rolex brought an action before the Maritime and Commercial Court relying upon Danish and EU trade marks and Danish copyright. The Maritime and Commercial Court upheld Rolex's claim. Mr Blomqvist appealed to the Danish Supreme Court, which referred questions to the CJEU.
80. Since Rolex relied upon both trade marks and copyright, the questions related to both rights, but for present purposes the copyright aspect can be ignored. The trade mark aspect concerned the interpretation of the predecessor to the Regulation and the corresponding Directive. There is no dispute that the CJEU's ruling is equally applicable to the Regulation, and I will proceed as if it was the Regulation which was in issue.
81. There was no suggestion that Mr Blomqvist had infringed any of Rolex's rights, no doubt because he was an individual who had purchased the watch for his own use and thus had not acted in the course of trade.
82. The CJEU began by noting at [23] that, by its questions, the referring court sought clarification of the term "use in the course of trade" within the meaning of the infringement provisions of the Regulation. It went on to note at [25] that the Customs Regulation had introduced no new criterion for the purpose of the establishing the existence of an infringement of intellectual property rights. Accordingly, action by the customs authorities under the Customs Regulation could only be justified if the sale of the goods concerned infringed the rights conferred by the Regulation.
83. In those circumstances, the Court said at [26]:

"... the questions referred must be understood as meaning that the referring court seeks to know whether it follows from the customs regulation that, in order for the holder of an intellectual property right over goods sold to a person residing in the territory of a Member State through an online sales website in a non-member country to enjoy the protection afforded to that holder by that regulation at the time when those goods enter the territory of that Member State, that sale must be considered, in that Member State, as ... constituting use in the course of trade. The referring court also raises the question whether, prior to the sale,

the goods must have been the subject of an offer for sale or advertising targeting consumers in the same State.”

Thus the issue identified by the Court was whether the sale by the foreign website constituted “use in the course of trade” of the sign in Denmark.

84. The Court noted at [31] that the mere fact that a website is accessible from the territory covered by the trade mark is not a sufficient basis for concluding that the offers for sale are targeted at consumer in that territory, but it went on:

“32. However, the Court has held that the rights thus protected may be infringed where, even before their arrival in the territory covered by that protection, goods coming from non-member States are the subject of a commercial act directed at consumers in that territory, such as a sale, offer for sale or advertising

33. Thus, goods coming from a non-member State which are imitations of goods protected in the European Union by a trade mark right ... can be classified as ‘counterfeit goods’ or ‘pirated goods’ where it is proven that they are intended to be put on sale in the European Union, such proof being provided, inter alia, where it turns out that the goods have been sold to a customer in the European Union or offered for sale or advertised to consumers in the European Union

34. It is common ground that, in the case in the main proceedings, the goods at issue were the subject of a sale to a customer in the European Union, such a situation not being therefore in any event comparable to that of goods on offer in an ‘online marketplace’, nor that of goods brought into the customs territory of the European Union under a suspensive procedure. Consequently, the mere fact that the sale was made from an online sales website in a non-member country cannot have the effect of depriving the holder of an intellectual property right over the goods which were the subject of the sale of the protection afforded by the customs regulation, without it being necessary to verify whether such goods were, in addition, prior to that sale, the subject of an offer for sale or advertising targeting European Union consumers.

35. In the light of the foregoing, the answer to the questions referred is that the customs regulation must be interpreted as meaning that the holder of an intellectual property right over goods sold to a person residing in the territory of a Member State through an online sales website in a non-member country enjoys the protection afforded to that holder by that regulation at the time when those goods enter the territory of that Member State merely by virtue of the acquisition of those goods. It is not necessary, in addition, for the goods at issue to have been the subject, prior to the sale, of an offer for sale or advertising targeting consumers of that State.”

85. Lifestyle contend that *Blomqvist* is clear authority for the proposition that sale of goods under a sign by a foreign website to a consumer in the UK or the EU constitutes use of the sign in the course of trade in the relevant territory, and that this so even if there is no antecedent offer for sale or advertisement targeting consumers in that territory. This contention is supported by both authority and commentaries. The judge was referred to *Cartier International AG v British Sky Broadcasting Ltd* [2014] EWHC 3354 (Ch), [2015] Bus LR 298 at [145]-[146] and to *Kerly's Law of Trade Marks and Trade Names* (16th ed) at 16-023, 28-075. He was not referred to *Walton v Verweij* where it was explicitly held at [145] and [157] that specific sales from foreign websites to EU consumers constituted use in the EU even though in general the advertisements and offers for sale on the websites did not (although *Blomqvist* was not cited given that the issue was not infringement) or to Kur and Senftleben, *European Trade Mark Law: A Commentary* at 5.45-5.48.
86. Amazon dispute this. Amazon contend that “the real basis for the decision in *Blomqvist* must have been that the sale of the counterfeit watch was considered to have taken place in Denmark or that it was intended to be put on sale in the EU”.
87. The judge accepted Amazon’s interpretation of *Blomqvist*. I disagree. Amazon’s interpretation involves ignoring what the CJEU actually said, and reading in things the Court did not say. The judge seems to have been swayed by the fact that the context was action under the Customs Regulation, but as the CJEU made clear, that is irrelevant: the issue was as to the underlying rights conferred by the Regulation. The judge also seems to have been influenced by the fact that the watch in question was counterfeit, but that is equally irrelevant: the Customs Regulation is not confined to counterfeit goods. Finally, the judge appears to have been influenced by considerations (such as where title and risk passed) which would be relevant if the issue were one of the English law of sale of goods, but again such considerations are irrelevant: the issue is one of interpretation of the Regulation.
88. When pressed to defend Amazon’s interpretation, the best that counsel for Amazon could do was to submit that Lifestyle’s interpretation was inconsistent with the nuanced, multi-factorial approach to targeting laid down by the CJEU with respect to advertisements and offers for sale by foreign websites. I do not accept this submission, which ignores what the Court said at [34] and [35], namely that in the case of a sale to a person in the EU it is not necessary to consider whether there has been prior targeting of EU consumers. This makes perfectly good sense: the sale itself is targeted at the EU consumer.
89. It follows that Amazon’s sales of US branded goods to UK and EU consumers constituted use of the signs in the relevant territory, and thus infringing uses, even if the antecedent advertisements and offers for sale did not.

Importation

90. Lifestyle contend that Amazon are jointly liable with the carriers engaged by Amazon for importation of US branded goods into the EU and UK. Amazon dispute this. Amazon rely, in particular, upon the fact that, under the terms of the contracts of sale between the purchasers and Amazon, it is agreed that the purchaser is the “importer of record”. Amazon argue that, whilst the physical act of bring the goods into the UK or the EU is performed by the carrier, and the carrier is engaged by Amazon, this is done

pursuant to contractual arrangements which mean that it is the purchaser who is the importer, but the purchaser does not infringe because he or she is not acting in the course of trade and does not put the goods into free circulation. Lifestyle reply that the contractual arrangements between the purchaser and Amazon are irrelevant to (i) the carrier's primary liability for importation of goods bearing the sign in the course of its trade and (ii) Amazon's accessory liability for such infringing acts as a result of having made the arrangements with the carrier.

91. The judge held that Amazon's analysis was the correct one. Lifestyle appealed. During the course of argument, however, counsel for Lifestyle accepted that, if Lifestyle were successful on the issues of targeting and sales, it was not necessary for this Court to determine this issue. In those circumstances, I consider that it is best to say nothing more about it. The issue is an important one which is not straightforward and should be decided in a case where it matters. Furthermore, I am not satisfied that all the relevant authorities (let alone commentaries) were drawn to our attention.

Joint liability of Amazon.com Inc

92. It is common in intellectual property cases for claimants to join a number of members of a group of companies, including the parent company, as defendants. This may be done for a number of different reasons: to ensure that, if the claim is successful, there is a solvent party able to pay any financial award; to ensure that disclosure can be obtained; for jurisdictional reasons; and possibly for other reasons. In seeking to justify joining the parent company, claimants often allege that the parent is jointly liable with its subsidiaries for infringements committed by the latter. Save where jurisdiction depends on the question, it is common for groups like Amazon voluntarily to accept liability of the parent for any infringements committed by the subsidiaries without any admission that the parent is a joint tortfeasor and therefore legally liable. That avoids the need for disclosure, evidence and argument, with all the attendant costs, on what is often a side issue.
93. In the present case Lifestyle alleged that Amazon.com Inc was jointly liable for any infringements committed by the other Defendants. For whatever reason, Amazon did not adopt the course that I have just described, but contested the allegation. The judge concluded that Lifestyle had not established joint liability on the part of Amazon.com Inc. The almost inevitable result was that Lifestyle appealed on that issue. During the course of argument we enquired whether the issue needed to be determined or whether it could be resolved in the way that I have described.
94. Amazon's response to this enquiry was to offer an undertaking that Amazon.com Inc "will satisfy any damages and/or costs awarded in respect of the liability of any of the other Defendants in these proceedings to the extent not satisfied by the other Defendants". I presume that "damages" is intended to mean "damages or profits". Lifestyle's response to Amazon's offer was that it did not go far enough because it did not address Lifestyle's claim for an injunction, and therefore it remained necessary to determine the issue of joint liability.
95. I am not persuaded that it is necessary to determine this issue. As Amazon have pointed out, the judge refused to grant an injunction on the basis of the admitted infringements having regard to the restrictions voluntarily imposed by Amazon. In the absence of a suitable undertaking by Amazon, it will be open to Lifestyle to contend that an

injunction should now be granted given that this Court has determined that Amazon infringed on a larger scale than they had admitted and given that, as the judge explained at [68]-[70], the voluntary restrictions did not fully address the MFN Export model. Nevertheless, the issue of joint liability would only need to be decided if both (i) an injunction was granted against other Defendants and (ii) there was a threat by Amazon.com Inc to procure the doing of acts by other subsidiaries which would infringe the Trade Marks notwithstanding the grant of that injunction. There is no evidence, however, of any such threat on the part of Amazon.com Inc.

Financial relief

96. Although Amazon had admitted past infringement on a small scale, the judge declined to order an inquiry as to damages or an account of profits. Lifestyle contend that he was wrong to do so. Although this issue will have to be revisited in any event given my conclusions in relation to targeting and sales, I shall nevertheless deal with it because the judge was not referred to the relevant authorities and was not invited to consider making what I regard as the correct order.
97. In intellectual property cases it is conventional for the claimant to claim an inquiry as to damages or account of profits, not damages or profits. The procedural consequence of this is the trial will be split: liability will be determined first and quantum second. Although the court has power to order a joint trial of liability and quantum, there is very rarely done outside the Intellectual Property Enterprise Court small claims track. Usually, if the claimant is successful, an inquiry or account will be ordered without argument at the claimant's election and at the claimant's risk as to costs.
98. In some cases, however, the defendant contends that, even though the claimant has succeeded on liability, no inquiry or account should be ordered either because the claimant has no real prospect of successfully claiming any financial relief beyond nominal damages or because the costs of an inquiry or account would be disproportionate to the claimant's likely recovery.
99. Faced with such a contention, the court must first decide whether the claimant has a real (as opposed to fanciful) prospect of successfully claiming any financial relief: see *McDonald's Hamburgers Ltd v Burgerking (UK) Ltd* [1987] FSR 112 at 118-119 (Fox LJ) and 121-122 (Kerr LJ), *Brain v Ingledew Brown Bennison and Garrett* [1997] FSR 511 at 527-528 (Laddie J) and *Reed Executive plc v Reed Business Information Ltd* [2004] EWCA Civ 159, [2004] RPC 40 at [162] (Jacob LJ). If the claimant has not adduced any evidence on this question (e.g. because it has obtained summary judgment on liability), it may be appropriate to give the claimant an opportunity to file such evidence: see *Prince plc v Prince Sports Group Inc* [1998] FSR 21 at 42 and *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd* [2000] FSR 267 at 284-285 (both Neuberger J).
100. If the claimant has no real prospect of successfully claiming financial relief, it should be confined to nominal damages. If the claimant has a real prospect of success, the court should consider whether the costs of an inquiry or account would be proportionate to the claimant's likely recovery. Unless the court concludes that the costs would be disproportionate, it should order an inquiry or account. If the court considers that a full-blown inquiry or account would be disproportionate, it may adopt one of two courses. The first, if there is adequate material already before the court to enable it to do so, is

immediately to assess the damages or profits summarily: see e.g. my decision in *Primary Group (UK) Ltd v Royal Bank of Scotland plc* [2014] EWHC 1082 (Ch), [2014] RPC 26 at [203]-[205]. The second course, if there is insufficient material which would enable the court immediately to assess the damages or profits summarily, so that it would be reduced to plucking a figure out of the air, is for the court to exercise its case management powers to determine damages or profits in a proportionate manner by a summary or streamlined process: see *Reed v Reed* at [164].

101. In the present case the judge did not analyse the evidence relied upon by Lifestyle as showing that they had suffered substantial losses as a result of the infringements, nor did he conclude that Lifestyle had no real prospect of success in claiming damages. He refused to order an inquiry because he considered that it would be wholly disproportionate given the “trivial” level of the admitted infringements “compared to the alleged infringements that I have dismissed”; but he did not consider whether summarily to assess the damages or whether to exercise his case management powers. It appears that this occurred because the parties expected to deal with this issue in consequential arguments following the judgment on liability, but the judge pre-empted them in his draft judgment. Lifestyle could have asked him to reconsider the matter, but understandably did not. The result was to deprive Lifestyle of any financial relief in the absence of any finding that they had no real prospect of successfully claiming such relief. Even if the quantum of any damages or profits would probably have been below the County Court small claims limit, such a result would have been unjust. The correct approach on that hypothesis would have been either to make an immediate summary assessment or to direct a subsequent summary assessment.

Conclusion

102. I would allow this appeal to the extent stated above.

Lord Justice Snowden:

103. I agree.

Sir Geoffrey Vos, Master of the Rolls:

104. I also agree.