



Neutral Citation Number: [2019] EWHC 1150 (Ch)

Case No: IL-2017-000053

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

Royal Courts of Justice
The Rolls Building
7 Rolls Buildings
London, EC4A 1NL

Date: 14/05/2019

Before :

MR ROGER WYAND QC
Sitting as a Deputy High Court Judge

Between :

(1) BEAUTY BAY LIMITED **Claimants**
(2) DOTCOM RETAIL LIMITED
- and -
BENEFIT COSMETICS LIMITED **Defendant**

MR. JAMES ABRAHAMS QC and MR. MAXWELL KEAY (instructed by **Kuit Steinart Levy LLP**) for the **Claimants**
MS JESSIE BOWHILL (instructed by **Burges Salmon LLP**) for the **Defendant**

Hearing dates: 11, 12 and 14 February 2019

Approved Judgment

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

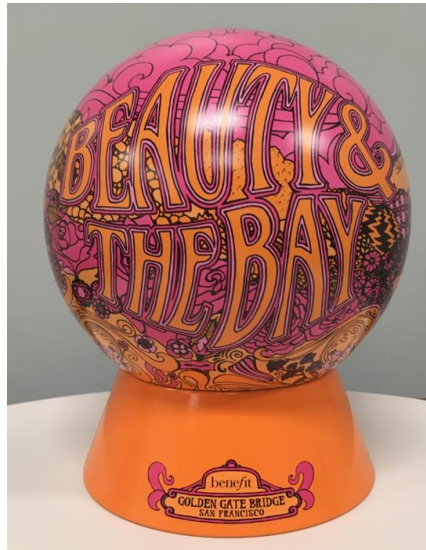
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Roger Wyand QC, Deputy High Court Judge :

1. This is an action for infringement of registered trade marks and passing off. The Second Claimant is the registered proprietor of UK registered trade mark no. 2440955A for the series of word marks BEAUTY BAY and BEAUTYBAY registered as of 8th December 2006 in classes 3 and 35 and of European Union trade mark no. 8390205 for the word mark BEAUTY BAY registered as of 12th January 2010, also in classes 3 and 35. The First Claimant is the licensee of the registered trade marks, the **BB Trade Marks**, and exploits them. As no point turns on the distinction between the two companies for the purposes of this judgment, I shall refer to the two claimants as BBL except when it is important to distinguish between them.
2. BBL is an on-line retailer of cosmetics, beauty products and accessories that was founded in 2005 by two brothers, David and Arron Gabbie. It is based in Manchester and operates worldwide selling products through its website www.beautybay.com and a mobile phone app. The majority of BBL's sales are of third-party brands, but it also sells its own-branded range of cosmetics and accessories. From the outset BBL's business has always been conducted under and by reference to the sign BEAUTY BAY which has appeared prominently on its website, app, marketing materials, packaging, invoices and receipts. During the 15 month period during which the alleged infringement took place BBL's turnover was around £100 million under and by reference to the BB Trade Marks.
3. The Defendant, Benefit, is the UK subsidiary of a global manufacturer and retailer of cosmetics based in San Francisco, USA. It is owned by the luxury goods group Moët Hennessy Louis Vuitton SE, known as LVMH. In the UK, Benefit's products are sold through a number of channels including its own stores, Benefit concessions in third-party department stores and Boots, Benefit concessions in airports, airlines and ferries, Benefit's website, and third party websites. There was a question as to the actual turnover of Benefit in the UK which I will deal with later, but it appears to be about the same as BBL's.

The Product Complained of

4. The product complained of ("**the Benefit Product**") is a Christmas gift set comprising four cosmetics items contained in a globe-shaped gift box. It was produced as part of a range of products (called the "Holiday 2017" range) targeted specifically at the Christmas 2017 gift market.
5. Images of the front and back of the product box are set out below:



6. Benefit originally counterclaimed for partial revocation, alleging that the BB Trade Marks had not been used in respect of the goods for which they were registered in class 3. In response, BBL demonstrated its use of the BB Trade Marks in relation to its own-branded products, being some of the goods in class 3.
7. The counterclaim was discontinued on the basis that BBL would limit the specification of the class 3 goods in the BB Trade Marks. As a result, both of the BB Trade Marks are currently registered in respect of the following goods and services:

Class 3: Personal care products; skin care preparations; cosmetics.

Class 35: Retail services connected with the sale of fragrances, perfume, toiletries, cosmetics, soaps, shampoos, hair care preparations, skin care preparations, essential oils, sun care and tanning preparations.

The Claimants' case

8. BBL's case is based upon trade mark infringement and passing off.
9. The legal issues concerning the registered trade marks arise under three legislative provisions:
 - i) Directive (EU) 2015/2436 of 16 December 2015 ("**the Directive**").
 - ii) The Trade Marks Act 1994 ("**the TMA**") – as regards the UK trade mark – which implements the Directive.
 - iii) European Parliament and Council Regulation (EU) 2017/1001 of 14 June 2017 ("**the EUTMR**") – as regards the EU trade mark.
10. Since the relevant provisions of the Directive, the TMA and the EUTMR are materially the same, the parties referred to the provisions of the EUTMR only and I shall do the same in this judgment.
11. The trade mark claim is brought under Article 9(2)(b) and Article 9(2)(c). In relation to the Article 9(2)(c) claim, both detriment to distinctive character and unfair advantage are relied upon by BBL.
12. In relation to the claim for trade mark infringement, the issues for determination are as follows:

Article 9(2)(b)

- i) Whether Benefit's use of the sign is of such a type as may affect the functions of a trade mark.
- ii) Whether there is a likelihood of confusion.

Article 9(2)(c)

- iii) Whether the BB Trade Marks have a reputation in the relevant territory.
- iv) Whether the use of the sign BEAUTY & THE BAY gives rise to a link between the sign and the BB Trade Marks in the mind of the average consumer.
- v) Whether the use of the sign BEAUTY & THE BAY causes detriment to the distinctive character of the BB Trade Marks or takes unfair advantage of the distinctive character or the repute of the BB Trade Marks.
- vi) Whether the use of the sign BEAUTY & THE BAY is without due cause.

Article 14

- vii) Whether the sign is non-distinctive or concerns characteristics of the goods or services.
 - viii) Whether the use of the sign by Benefit is in accordance with honest practices in industrial or commercial matters.
13. In relation to the claim for passing off, the issues for determination are as follows:
- i) Whether BBL is the owner of goodwill that is associated with the sign BEAUTY BAY in the minds of the relevant public.
 - ii) Whether Benefit's use of the sign BEAUTY & THE BAY is a misrepresentation likely to deceive the relevant public.
 - iii) If so, whether such deception is likely to damage BBL.

Infringements in other EU states

14. BBL's claim under the EUTMR is in respect of acts committed throughout the EU: there is no dispute that this Court has jurisdiction in respect of all such acts. Some of these non-UK acts are said to have been committed by other members of the Benefit group of companies but, in the interests of procedural efficiency, Benefit has agreed to accept responsibility for all such acts, to avoid the need to join further defendants. The parties have agreed that the Court's determination of whether Benefit's importation and marketing of the Benefit Product in the UK infringes any of the BB Trade Marks will be determinative of the issue of infringement by any member of the group anywhere in the EU.

The Defendant's case

15. It is Benefit's case that the name "BEAUTY & THE BAY" is a clear play on the expression "BEAUTY AND THE BEAST". The Benefit Product formed part of a 13 product range intended to celebrate Benefit's San Francisco heritage and mark the 50th anniversary of the Summer of Love. All of the products in that range had quirky names that referenced San Francisco in one way or another – for example "Glam Francisco", "B.Right by the Bay", "San Fran-Dandy", "I left my Heart in Tan Francisco", "Bay Balicious".
16. The Benefit Product comprised a collection of four of Benefit's best-selling beauty products that were housed in a "snow globe" style tin adorned with psychedelic illustrations of the San Francisco Bay. If there was any doubt that the illustrations were of the San Francisco Bay, that doubt was removed by the wording "SAN FRANCISCO" and "GOLDEN GATE BRIDGE" which appeared prominently in block capitals on the front of the tin. Meanwhile, Benefit's logo appeared prominently on the base of the tin itself (and the individual beauty products housed within it) which indicated to consumers that the product originated from Benefit and none other.

17. At all times the Benefit Product was sold in environments that reinforced the message on the tin that the trade origin was Benefit (namely, in Benefit boutiques, Benefit concessions in larger department stores, via the Benefit website, and via third party websites where it was called “Benefit Beauty & The Bay”).
18. It is Benefit’s case that BEAUTY BAY would be understood by the average consumer as being a reference to a bay in a shop where beauty products are sold or a bay in a warehouse or the like where such products are stored.
19. Thus, it is said by Benefit, both the words BEAUTY and BAY are given a completely different context and meaning in the context of their use in BEAUTY & THE BAY. “Bay” would be understood to be a reference to a coastal feature, and the San Francisco Bay in particular. The word “and” (or “&”) makes it clear that “Beauty” and “the Bay” are two separate things. Depending on the extent to which the reference to BEAUTY AND THE BEAST is picked up by the consumer, “Beauty” refers to a beautiful girl, or the abstract concept of beauty as a characteristic. “Beauty” may also allude to beauty products. What it does not do, unlike in BEAUTY BAY, is qualify the word “Bay” in any way because the “and” ensures that it is distinct from “the Bay”. No consumer faced with this product could sensibly conclude that BEAUTY & THE BAY referred to a retail bay selling beauty products. And accordingly there is no likelihood of confusion or other effect on the BB Trade Marks. The complete absence of any evidence of confusion is strongly relied on by Benefit as confirmation that there is no likelihood of confusion in this case.

The Claimants’ Witnesses

20. BBL served witness statements from five witnesses, three of whom were from their solicitors. The other two witnesses were called for cross examination:
 - i) David Gabbie is one of the two brothers who founded the Claimants’ business. Counsel for the Defendant criticised his evidence citing two particular examples where it was said to be unsatisfactory. He exhibited a photograph of the Benefit Product displayed in Boots in Manchester which was said to have been wholly misleading. He produced a photograph which he said was an example of the Benefit Product not being displayed in the Benefit environment. The photograph did not show the wider picture of the display and he accepted in cross-examination that it was, in fact, in the Benefit environment. Mr Gabbie did not himself take the photograph and, whilst it did not show the wider context of the display I do not accept that Mr Gabbie was intending to mislead the court. The display was on the ‘edge’ of the Benefit area within Boots and other evidence showed that the Benefit Product was not always within a Benefit area. He was also criticised for giving evidence that contradicted evidence he gave in earlier litigation with eBay as to the meaning of the word ‘Bay’. I do not find this evidence contradictory. His earlier evidence was in a particular context which is different from the context in this case. I found him a satisfactory witness.

- ii) Arron Gabbie is the brother of David Gabbie. The only criticism of his evidence was that when he gave evidence about current trends in the beauty and fashion industry for collaborations it was not from his own knowledge but was obtained by internet searches he had carried out. I do not regard this as a valid criticism. He had produced examples of such collaborations and it did not matter whether these were examples he had known about prior to this case or whether he had discovered them when he was preparing his evidence. The evidence was equally relevant whether it was prior knowledge on his part or obtained by internet searches.

The Defendant's Witnesses

- 21. Benefit served witness statements from six witnesses. The evidence of two of these witnesses, Denise Gaskill and Mari Suarez, was the subject of hearsay notices. Ms Gaskill is the National Sales Manager of Benefit UK and was unable to attend due to unforeseen medical reasons. Ms Suarez is the freelancer who originally came up with the name BEAUTY AND THE BAY. Her evidence confirmed how she came up with the name and that she had not heard of BBL prior to this litigation. Ms Suarez is not an employee of Benefit. She lives in San Francisco and has a four month old baby and did not attend the trial for that reason.
- 22. Benefit's witnesses who did attend trial and were cross-examined are:
 - i) Tram Nguyen is Senior Director of Copy at Benefit Cosmetics LLC in San Francisco. I found her to be an honest and straightforward witness. She was cross-examined on the fact that she said in her first witness statement that she had had a conversation with Ms Suarez when in fact she had never spoken to Ms Suarez. I accept her explanation that she was copied in on an exchange of emails with Ms Suarez and she said that was the conversation to which she was referring.
 - ii) Megan Fletcher is Lead Senior Graphic Designer at Benefit Cosmetics LLC in San Francisco. She was not seriously challenged on any of her evidence and I found her an honest and straightforward witness.
 - iii) Lauren Byrne is the former Marketing Manager for Benefit. Ms Byrne gave evidence in her first witness statement as to Benefit's sales figures in the UK. These figures were also included in the Defence. Ms Byrne was present in Court during BBL's counsel's opening address. On hearing BBL's counsel's comments on those figures she realised that the figures she had put in her witness statement were wrong. She informed Benefit's lawyers that she believed this was the case and that evening they contacted the Chief Financial Officer of Benefit to obtain the accurate figures. Ms Byrne then put in a further witness statement correcting the figures in her earlier witness statement. The earlier figures were too small by about a factor of ten. Unfortunately, a further error was made when putting forward the revised figures in that the new figure was said to be for the UK only when in fact it included

Europe. Both of these were clearly honest mistakes and there was no advantage to Benefit in putting forward an understatement of its relevant sales figures. Ms Byrne took steps to correct her error as soon as she realised the mistake. I found Ms Byrne to be an honest and straightforward witness.

- iv) Jillian Cho is Senior Director, Legal Counsel of Benefit Cosmetics LLC. Ms Cho gave a short witness statement to explain how the incorrect sales figures were given in the Defence. She had signed the Statement of Truth on the Amended Defence and she was cross-examined about this and criticised for not giving sufficient attention to this when she signed it. However, the sales figures were in the unamended Defence, the Statement of Truth for which was signed by the CEO of Benefit. I do not believe that Ms Cho can be criticised for failing to spot the error in the figures which were not the subject of the amendments. I found Ms Cho to be an honest and straightforward witness.

A Pleading Point

23. There is a pleading point which I should deal with before considering the strength of the relevant argument on both sides. Counsel for BBL, James Abrahams QC, submits that it is not open to Benefit to contend that the conceptual meaning of BEAUTY BAY is that it is a retail bay for beauty products and is therefore descriptive to a degree, because this argument was not pleaded. He submits that the lack of a reference to this in the Defence, and particularly in the Re-Amended Defence (served after the lack of pleading on this point had been raised in his oral opening) is fatal to this argument. Counsel for Benefit, Jessie Bowhill, submits that there is no requirement to plead this point. Ms Bowhill submits that were her submission to be that the mark is so descriptive as to be invalid, then that would have to be pleaded. However, she submits that the nature of the mark and its perception by consumers necessarily involves analysing its meaning and this is central to every single element of a trade mark case. I agree with Ms Bowhill: it was not necessary to plead this point and it is open to her to argue it.

Trade Mark Infringement: Article 9(2)(b)

24. Article 9(2)(b) of the Regulation provides as follows:

“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:

...

- (b) the sign is identical with, or similar to, the EU trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the EU trade

mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark; ...”

25. In *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41, Kitchin LJ, as he then was, set out six conditions that must be satisfied for there to be infringement; (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; (iv) it must be of a sign which is identical with or similar to the trade mark; (v) it must be in relation to goods or services which are identical with or similar to those for which the trade mark is registered; and (vi) it must give rise to a likelihood of confusion.
26. Only two of these conditions are in issue in this case. Benefit contends that there is no relevant use of a sign in relation to goods or services which are identical with or similar to those for which the trade mark is registered and hence that condition (v) is not satisfied. It also contends that there is no likelihood of confusion and therefore that condition (vi) is not satisfied.

The Average Consumer

27. Before considering whether these conditions are satisfied it is necessary to consider the notional average consumer. The concept of the average consumer was considered by the Court of Appeal in *London Taxi Corporation Ltd v Frazer-Nash Research Limited* [2017] EWCA Civ 1729, where Floyd LJ said:

“31. I agree ... that the notion of an average consumer requires the court to consider any relevant class of consumer, and not to average them. I believe that conclusion to be consistent with the approach taken by this court in *Interflora Inc and another v Marks and Spencer plc* ...

34. As with all issues in trade mark law, the answer to disputed questions is normally provided by considering the purpose of a trade mark which, broadly speaking, is to operate as a guarantee of origin to those who purchase or use the product. In principle, therefore, and in the absence of any authority cited to us which is directly in point, I would consider that the term average consumer includes any class of consumer to whom the guarantee of origin is directed and who would be likely to rely on it, for example in making a decision to buy or use the goods...”

28. It is common ground in this case that the average consumer is a member of the general public and that it is necessary to take into account those purchasing cosmetics for themselves and those purchasing cosmetics for others as gifts. In line with the above, it is not a question of averaging the different categories of consumers but considering the typical consumer in each category. The average consumer is deemed to be reasonably well-informed and reasonably observant and circumspect.

29. Although both parties have a core target market comprising girls and women aged 16-35 years old, their products are also purchased by friends, partners and family members as gifts for people in the core target market. This will include people who have been told that Beauty Bay is a good place to buy cosmetics or who have been asked for a gift from Beauty Bay. It is also relevant that the Benefit Product was marketed as a gift product.

Are the Conditions Satisfied?

30. Ms Bowhill submits that there is only relevant use if the use is for the purpose of distinguishing the goods or services. By this, I take her to be saying that the use must be for the purpose of indicating the origin of the goods or services. Taken literally that wording suggests that there must be a subjective intention of the party using the sign. I do not accept that. This condition will be satisfied if the effect is for the sign to indicate origin, whatever the purpose of the party using the sign. In the case of *Arsenal v Reed* [2003] EWCA Civ 696 there was no suggestion that Mr Reed used the signs in question to indicate the origin of the goods he sold. The signs were used as a means to indicate allegiance to Arsenal and Mr Reed had a sign on his stall to indicate that the goods were not official Arsenal merchandise. Nevertheless, the Court held that people who didn't see the sign would take the signs as an indication of origin and, accordingly, there was infringement.
31. However, Ms Bowhill goes on to consider, correctly, how the use of the sign would have been considered by the average consumer. She submits that the sign used to indicate the origin of the Benefit Product was the name and mark BENEFIT and the Benefit Logo and that the average consumer would have understood that. In support of this she points to the enormous distinctive character of the Benefit Logo and the goodwill therein, the particular presentation and location of the Benefit Logo on the stand of the product and set apart from the psychedelic illustrations on the globe and the channels through which the Benefit Product was sold.
32. Ms Bowhill further relies on the fact that the sign BEAUTY & THE BAY is presented as part of the artwork which covers the entire globe in pink and orange with a psychedelic 'summer of love' feel to it with the letters distorted and in the same colour scheme so that the sign blended into the decorative artwork.
33. Moreover it is said that BEAUTY & THE BAY is descriptive and that the average consumer would immediately perceive this because: (i) Benefit has educated the public that it is a cosmetics company from San Francisco that sells beauty products; (ii) the sign is a play on BEAUTY AND THE BEAST; (iii) the use of the word 'and' (or '&') informs the consumer that 'Beauty' is something distinct from 'the Bay' so that 'Beauty' indicates a girl or the abstract characteristic of beauty; (iv) the illustration of the San Francisco Bay on the globe together with the words SAN FRANCISCO and THE GOLDEN GATE BRIDGE which inform the average consumer of the meaning of 'The Bay'; and (v) the fact that this product formed part of a range which had as its creative theme San Francisco and comprised other products with references to famous landmarks in San Francisco, including the Bay.

34. Finally it is said that the fact that a clear globe, showing the individual products included within the globe, was displayed alongside the Benefit Product emphasised that the artwork and phrase were purely decorative.
35. I am unable to accept these arguments. BEAUTY & THE BAY is being used as a brand to differentiate this product from other Benefit products. The fact that Benefit takes measures to indicate to the public that it is a Benefit product does not detract from the function of BEAUTY & THE BAY as a 'sub-brand'. It is very common to have a house brand together with a sub-brand. On the product itself the Benefit Logo is relatively small, and on the base, compared to BEAUTY & THE BAY which is in much larger font on the globe itself. The Benefit Product was advertised on-line by Debenhams, Boots and John Lewis as "Benefit – 'Beauty and the Bay' gift set", "Benefit Beauty & The Bay Gift Set" and "Benefit Beauty & The Bay Makeup Gift Set" respectively.
36. Benefit relies on the fact that the Benefit Product was sold through Benefit stores and Benefit concessions in other retailers and in these locations there were Benefit staff who were trained to engage with potential customers in a particular way (the so-called 'Magic Formula') and that this meant that there was no confusion since customers were always made aware that the products within the Benefit concessions are Benefit's own products.
37. BBL counters this with evidence that the Benefit Product was not always sold in this way but that it would appear on stands displaying gift sets from different cosmetic brands with no Benefit staff nearby. The Benefit Product was also sold on-line. BBL also suggests that during the busy Christmas period, shoppers do not get such personal attention. Also, the products were likely to be bought as gifts for others, in which case the recipient would not have the advantage of the Magic Formula.
38. I agree with these submissions on behalf of BBL. Whilst some shoppers may get treated to the Magic Formula, it is extremely unlikely that all or even most shoppers would receive such personal attention. I find that there is relevant use of the sign and condition (v) is satisfied.

The Likelihood of Confusion

39. In the case of *Die BergSpechte Outdoor Reisen und Alpenschule Edi Koblmüller GmbH v Guni* C-278/08, the CJEU defined the likelihood of confusion in the following terms:

"38. The risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion (see, inter alia, Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 17; Case C-120/04 *Medion* [2005] ECR I-8551, paragraph 26; and Case C-102/07 *adidas and adidas Benelux* [2008] ECR I-2439, paragraph 28)."
40. The assessment that is required to determine whether there is a likelihood of confusion is said to be a "global appreciation". The UKIPO has adopted a

standard summary of the principles established by the CJEU in a number of decisions and this has been approved by the Court of Appeal in *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41. At [31] Kitchin LJ, as he then was, said:

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;

(f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; and

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

41. In *Comic Enterprises* the Court of Appeal added further guidance to this summary by reference to its previous decisions in *Specsavers v Asda* [2012] FSR 19 and *Maier v ASOS* [2015] FSR 20:

32. In *Maier* [2015] F.S.R. 20 we explained (at [76]) that to this summary should be added the further guidance provided by the Court of Justice in *Canon* [1999] F.S.R. 332 (at [29]) that the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion for the purposes of the provision.

33. The decision in *Specsavers* [2012] F.S.R. 19 clarified one further important point concerning the context of the accused use. As this court said at [87]:

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

42. It is clear from the CJEU’s guidance cited above that a likelihood of confusion covers any sort of economic link between the trade mark proprietor and the third party. BBL relies on it including a belief that the third party’s goods are licensed by the trade mark proprietor or that the goods are part of a collaboration between the trade mark proprietor and the third party.
43. On the other hand, Benefit relies on the line of cases dealing with the validity of trade marks which are used together with a strong house mark, so-called “limping marks”. In particular, Benefit relies on *Nestle v Cadbury* C-215/14 where the CJEU said:

“66 It must therefore be concluded, as indicated in points 48 to 52 of the Advocate General’s Opinion, that although the trade mark for which registration is sought may have been used as part of a registered trade mark or in conjunction with such a mark, the fact remains that, for the purposes of the registration of the mark itself, the trade mark applicant must prove that that mark alone, as opposed to any other trade mark which may also be present, identifies the particular undertaking from which the goods originate.” (emphasis added)

44. Based on this, Benefit submits that, as the alleged infringement (a descriptive phrase that would be viewed as such and/or as purely decorative) has only ever been used in conjunction with the Benefit name and marks, the effect is that the average consumer will not perceive it as identifying any particular

undertaking, let alone BBL, as they will rely upon what is the clear and obvious origin indicator, namely, BENEFIT (or the Benefit Logo as the case may be).

45. I do not find that this is a convincing argument in the present case. Looking at the product, the word BENEFIT (or the Benefit Logo) is not nearly as prominent as BEAUTY & THE BAY which appears in large distinctive lettering on the globe portion of the product. It is true that in an on-line context the two appear together in plain lettering and there is more scope for the argument. However, BBL submits that the average consumer may consider that the product is a collaboration between Benefit and BBL. Various examples of such collaborations in the industry, including by both Benefit and BBL with other brands and, what are known as ‘social media influencers’ were introduced in cross-examination. These were produced either to show that when this occurred, both brands marks appeared in their customary form and colour on the one hand, and, on the other hand, often appeared in a different form.
46. I did not find this evidence conclusive in either direction. These are arguments that I must have in mind in carrying out the requisite global appreciation.

Comparison of the goods and services

47. Benefit accepts that the Benefit Product is identical to cosmetics in the class 3 registration and is similar to retail services connected with the sale of cosmetics in the class 35 registration.

Comparison of the mark and the sign

48. Visually the difference between the mark and sign is the inclusion of the words “& THE” between the words “BEAUTY” and “BAY”. Of course, BBL submits that their presence has little impact on the overall impression of the sign whereas Benefit submits that they are a significant part of the sign as a whole and cannot be effectively ignored. Looking at the product itself, “& THE” are quite prominent. On the internet they are slightly less significant but do make an obvious and noticeable distinction. Visually the mark and sign are similar but to a medium degree.
49. Benefit does not seek to rely on the visual difference created by the stylisation of the lettering which BBL characterise as being relatively low. BBL also points out that the marks are word marks and that, in any event, the sign appears in ordinary text in Google search reports and on websites.
50. Aurally BBL submits that the words “BEAUTY” and “BAY” are dominant and the other words have negligible impact on the overall impression of the sign. BBL also submits that the mark and sign sound almost identical when they are spoken quickly. I do not accept this. As Benefit submits, when spoken the sign will be pronounced as 5 syllables as opposed to 3. Aurally the mark and sign are similar to a low degree.

51. Conceptually BBL submits that there is no difference between the mark and sign whereas Benefit submits that the mark and sign are completely different. I cannot accept either of these two extremes. They both have a concept of an association with beauty. However in the mark the word beauty is used in an adjectival sense describing the ‘bay’ part of the mark, whereas in the sign it is a noun separate from the “bay” part of the sign. I do not suggest that the average consumer would indulge in such a grammatical analysis but I do think that he/she would see a distinction in the conceptual use of the word in the context of the mark and sign. In particular he/she would see the use in the sign as a reference either to a person, such as ‘Beauty and the Beast’, or as the idea of ‘beauty’ as a concept. I do not think that the same would apply in the context of the mark.
52. It is suggested on behalf of Benefit that the average consumer would associate “The Bay” with the geographical feature of the San Francisco Bay. Although the graphics on the globe do show a bridge and stylised waves together with the words “Golden Gate Bridge San Francisco” under the Benefit Logo on the base under the globe, I do not believe that many people would make that association.
53. Conceptually I find that there is a similarity to a medium degree.
54. Overall I find that there is a similarity between mark and sign to a medium degree.

Degree of attentiveness of the average consumer

55. BBL suggests that as the Benefit Product was marketed as a gift in the lead up to Christmas, the average consumer would only exercise a moderate level of care and attention. It is suggested that the average consumer will have a whole family and some friends to buy gifts for and they will see a product that is of a high quality, excellent value for money and attractively packaged. They will look at the name and what stands out is BEAUTY BAY which they know, or have been told, is a well-known retailer and producer of cosmetics and will buy it under a misapprehension as to the source of the goods.
56. I do not accept that analysis. The product is good value but it is not cheap at £34.50. I believe that the average consumer will exercise a normal degree of care and attention. If they are buying it as a present they will want it to be a good present and will not buy it in haste.

Secondary evidence

57. There is no evidence of any actual confusion in this case. This is relied on strongly by Benefit. However, BBL says that the lack of evidence of actual confusion is irrelevant for a number of reasons.
58. First, BBL says that there may have been limited opportunities for real confusion to occur in practice and that such real confusion as may occur may go undetected. It relies on a passage from the judgment of Arnold J in *Jack Wills v House of Fraser* [2014] EWHC 110:

“99... As I have said in a number of judgments, absence of evidence of actual confusion is not necessarily fatal to a claim under Article 5(1)(b). The longer the use complained of has gone on in parallel with use of the trade mark without such evidence emerging, however, the more significant it is. Other relevant factors are the scale of the use complained of and the likelihood of actual confusion being detected.

...

101. What is the likelihood of confusion being detected? Confusion would only be likely to be detected if customers complained. It is more likely that confused customers would complain to House of Fraser than to Jack Wills. The House of Fraser garments were being sold at similar prices to equivalent Jack Wills ones. There is no suggestion that the House of Fraser garments were of inferior quality or style. Someone who purchased a House of Fraser garment for themselves thinking it was a Jack Wills garment, but later discovered that it was not, might well do nothing because they liked the garment. If the garment was purchased for another person to wear, the consequences would depend on whether the recipient had requested a Jack Wills garment; whether, if so and the recipient realised that it was not a Jack Wills garment, the recipient chose to complain to the purchaser; and, if so, what the purchaser then did e.g. whether the purchaser simply returned the garment to House of Fraser without explaining why. In these circumstances, it is conceivable that some confusion might have gone undetected for some time.”

59. BBL submits on the basis of this that in the circumstances of this case direct evidence of confusion is very difficult to detect and its absence is neither surprising nor significant for the following reasons.
- i) This was a very good product: there were no complaints about it whatsoever.
 - ii) So even if someone subsequently appreciated their mistake, why would they complain to anyone about it?
 - iii) The fact that the Benefit Product was a Christmas gift makes detection of confusion even less likely. Someone purchasing a Benefit Product as a gift and believing it to be a product of BBL would only become aware of their error if they were alerted to it by the recipient of the gift. If the recipient of the gift had not specifically requested something from BBL, they would have no way of knowing the purchaser had been confused.
 - iv) On the other hand, if the recipient had specifically requested a gift from BBL, they may not realise that the Benefit Product had not come from BBL. They may assume that Benefit’s products are available through BBL. Even if the recipient realised that the Benefit Product had not come from BBL they may not complain to the purchaser, both because the Benefit Product is a good quality product and because complaining in these circumstances would be impolite. Even if the recipient did

complain to the purchaser, the purchaser may not raise the issue with Benefit as opposed to simply returning the item.

- v) It is more likely that confused customers who mistakenly purchased the Benefit Product would complain to Benefit rather than to BBL. There is no evidence that Benefit has attempted to investigate whether there have been any instances of confusion.
 - vi) Ms Byrne, on behalf of Benefit, fairly admitted that such complaints would not come to her attention in any event.
 - vii) The time period over which (most of) the Benefit Product was sold was fairly brief (mostly over the Christmas period).
60. I agree with BBL that this is a case where any actual confusion that might occur would be unlikely to come to the attention of the parties. The lack of any evidence of actual confusion is not a determinative factor in this case. In the end, it is a matter for me to make an assessment of what impression is conveyed by the sign, taking into account all relevant circumstances. There is no requirement for there to be evidence of actual confusion from actual consumers. My assessment is that there is no likelihood of confusion in this case taking into account all the relevant circumstances in a global appreciation. The claim for trade mark infringement under Article 9(2)(b) fails.

Infringement under Article 9(2)(c)

61. For there to be infringement under Article 9(2)(c) the following criteria must be satisfied, see Kitchin LJ, as he then was, in *Comic Enterprises v 20th Century Fox* at [111]:

111. In *Interflora* this court explained (at [69]) that a proprietor of a registered trade mark alleging infringement under [Article 5\(2\)](#) must therefore show that the following requirements are satisfied: (i) the registered trade mark must have a reputation in the relevant territory; (ii) there must be use of a sign by a third party in the relevant territory; (iii) the use must be in the course of trade; (iv) it must be without the consent of the proprietor; (v) it must be of a sign which is identical with or similar to the trade mark; (vi) it must be in relation to goods or services; (vii) it must give rise to a link between the sign and the trade mark in the mind of the average consumer; (viii) it must give rise to one of three types of injury, that is to say, (a) detriment to the distinctive character of the trade mark, (b) detriment to the repute of the trade mark, or (c) unfair advantage being taken of the distinctive character or repute of the trade mark; and (ix) it must be without due cause.

62. There is no issue here as to (ii)-(vi). The issues here concern (i) reputation, (vii) the link, (viii) injury and (ix) due cause.

Reputation

63. The requirement for the mark to have a reputation is not very onerous. See *General Motors v Yplon* C-375/97, where the CJEU explained the requirement:
24. The public amongst which the earlier trade mark must have acquired a reputation is that concerned by that trade mark, that is to say, depending on the product or service marketed, either the public at large or a more specialised public, for example traders in a specific sector.
25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.
26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.
27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.
64. Benefit says that any reputation that BBL has is as an online retail outlet for beauty products. As I have stated above, BBL made some use of the marks for its own label products and, although it stopped for a while, I find that that use together with its use in relation to its online retail business had established a reputation in respect of both its class 3 registrations and its class 35 registrations in the United Kingdom at the relevant date, being the end of September 2017.

Link

65. The requirement for a link to be established between the sign and the proprietor of the registered trade mark is satisfied where the sign calls the trade mark to mind for the average consumer. It is not necessary for there to be a likelihood of confusion to establish the existence of a link.
66. It is well established, and accepted by both sides, that the existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case.
67. Relevant factors in this case include the identity of the products for which the marks are registered and the products on which the sign is used and the similarity between the services for which the marks are registered and the products on which the signs are used and the degree of similarity between the marks and the sign. I am not convinced that the degree of similarity of the mark and sign are such that the average consumer would make the link.

Further, the nature of the use made by Benefit, in the context of the colours and style of the decoration, including the sign, on the globe, to my mind makes the link even less likely but even not taking that into account, I do not accept that the making of a link is established. That disposes of the case of infringement under Article 9(2)(c) but, in case I am wrong on that I shall go on to consider the other criteria.

Injury

68. BBL relies on injury in the form of detriment to the distinctive character of the trade mark and the taking of an unfair advantage.

Detriment to distinctive character

69. This is described by the CJEU in *Intel v CPM* C-252/07 at [29]

“As regards, in particular, detriment to the distinctive character of the earlier mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such detriment is caused when that mark’s ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so.”

70. The factors relevant to determining whether the use of a sign is detrimental to the distinctive character of the mark include:
- i) The more immediately and strongly the trade mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is detrimental to the distinctive character of the mark;
 - ii) The stronger the earlier mark’s distinctive character and reputation, the easier it will be to accept that detriment has been caused to it;
 - iii) The existence of a link between the sign and the mark does not dispense the trade mark proprietor from having to prove actual and present injury to its mark, or a serious likelihood that such an injury will occur in the future;
 - iv) The more “unique” the trade mark, the greater the likelihood that use of a later identical or similar mark will be detrimental to its distinctive character;
 - v) Detriment to the distinctive character of the trade mark is caused when the mark’s ability to identify the goods or services for which it is registered and used as coming from the proprietor is weakened. It follows that proof that the use of the sign is or would be detrimental to the distinctive character of the earlier mark requires evidence of a

change in the economic behaviour of the average consumer of the goods or services for which the mark is registered consequent on the use of the sign, or a serious likelihood that such a change will occur in the future.

71. In the present case, I have held that the link is not established but if I am wrong in that I need to consider the other relevant factors. In particular, I shall consider the case concerning the change in the economic behaviour of the average consumer.
72. BBL relies on the success of the Benefit Product. It was one of a range of gift set products which were launched for the Christmas 2017 market. Several of the products were recalled but four, including the BEAUTY & THE BAY product were not. BBL produced the following table, extracted from Benefit's documents, showing the sales of these four products:

#	Gift set	SRP	Units sold
1	Beauty & The Bay	£34.50	29,855
2	Hello San FrancisGLOW	£19.50	28,728
3	City Lights Party Nights	£24.50	14,224
4	B. Right By The Bay	£39.50	11,711

73. BBL submits that it is striking that the Benefit Product was the best seller whereas the other three products are ranked in terms of price, that is, the cheapest sold the most and the most expensive sold the least. BBL submits that the most plausible reason for this was "the confusion between the sign BEAUTY & THE BAY and the highly successful and well-known BB trade marks".
74. Benefit says that the Benefit Product was the best bargain of the gift sets and included some of its best selling products. In that case, the results shown in the table above are not surprising but would be expected.
75. There may be various factors affecting the sales of the different products in the gift sets range. The results shown in the table do not establish the likelihood of confusion and nor do they establish a change in economic behaviour resulting from the making of the relevant link by consumers.

76. Taking all relevant factors into account, I find that there is no likelihood that the use of the sign resulted in detriment to the distinctive character or repute of the BB Trade Marks.

Unfair Advantage

77. The second type of injury relied on is unfair advantage of the distinctive character or the repute of a trade mark, in the sense described by the CJEU in *L'Oreal v Bellure* C-487/07 at [41]:

As regards the concept of 'taking unfair advantage of the distinctive character or the repute of the trade mark', also referred to as 'parasitism' or 'free-riding', that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.

78. The CJEU explained the correct approach to determining whether unfair advantage has been taken:

44. In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark's reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive character of the mark, the Court has already held that, the stronger that mark's distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them (see, to that effect, *Intel* paragraphs 67 to 69).

45. In addition, it must be stated that any such global assessment may also take into account, where necessary, the fact that there is a likelihood of dilution or tarnishment of the mark.

...

49. In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use

must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.

79. This is not a case of Benefit seeking to ride on the coat-tails of the BB Trade Marks. I accept the evidence of Ms Nguyen of Benefit and of Ms Suarez, a freelancer who was engaged by Benefit to assist with the development of the range of gifts, that the choice of the name for the Benefit Product owed nothing to the BB Trade Marks or reputation. Furthermore, I do not believe that, as a matter of fact, the Benefit Product took any advantage, or was likely to take any advantage, of the distinctive character or repute of the BB Trade Marks, let alone any unfair advantage.

Due Cause

80. The CJEU considered the meaning of “due cause” in *Leidseplein Beheer C-65/12* (a case in which the third party had been using the sign complained of before the trade mark owner applied for its mark). The CJEU held as follows:

44. Where the proprietor of the mark with a reputation has demonstrated the existence of one of the forms of injury referred to in Article 5(2) of Directive 89/104 and, in particular, has shown that unfair advantage has been taken of the distinctive character or the repute of that mark, the onus is on the third party using a sign similar to the mark with a reputation to establish that he has due cause for using such a sign (see, by analogy, Case C-252/07 *Intel Corporation* [2008] ECR I-8823, paragraph 39).

45. It follows that the concept of ‘due cause’ may not only include objectively overriding reasons but may also relate to the subjective interests of a third party using a sign which is identical or similar to the mark with a reputation.

46. Thus, the concept of ‘due cause’ is intended, not to resolve a conflict between a mark with a reputation and a similar sign which was being used before that trade mark was filed or to restrict the rights which the proprietor of that mark is recognised as having, but to strike a balance between the interests in question by taking account, in the specific context of Article 5(2) of Directive 89/104 and in the light of the enhanced protection enjoyed by that mark, of the interests of the third party using that sign. In so doing, the claim by a third party that there is due cause for using a sign which is similar to a mark with a reputation cannot lead to the recognition, for the benefit of that third party, of the rights connected with a registered mark, but rather obliges the proprietor of the mark with a reputation to tolerate the use of the similar sign.

81. As I have stated above, I accept the evidence from Benefit as to how the BEAUTY & THE BAY sign was adopted. BBL says that this is not enough. BBL says that Benefit have not given all the relevant information, in particular they have not said whether they carried out trade mark searches and whether they became aware of the BB Trade Marks prior to launching the product on the market. Benefit refused to give disclosure on this issue on the grounds of legal privilege. BBL says that Benefit has failed to satisfy the onus to establish that it has due cause to use the sign.

82. I can see some force in this argument and, had I found that there was detriment or unfair advantage, I would not have found that there was due cause.

The Article 14 Defence

83. Benefit also relies on the defence provided by Article 14 which provides as follows:

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

...

(b) signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of the goods or services;

...

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

84. The first requirement under this article is that the sign must be non-distinctive or it must concern one of the specified or other characteristics of the goods. Benefit suggests that the sign will be perceived by the average consumer as a reference to beauty and the San Francisco Bay and that it is plainly descriptive. It also submits that it is non-distinctive because:

- i) It is descriptive;
- ii) It will be understood as a play on “Beauty and The Beast”;
- iii) It will be seen as merely decorative and part of the overall psychedelic/summer of love artwork; and,
- iv) The Benefit Logo will be perceived as the origin indicator.

85. There is no evidence that the average consumer will perceive the sign as descriptive or merely decorative. Whilst the average consumer may perceive the Benefit Logo as an origin indicator, as I have said above, they will also see the BEAUTY & THE BAY sign as having an origin function. This defence fails.

86. The second requirement is that the use made of the sign must be in accordance with honest practices in industrial or commercial matters. As Kitchin LJ, as he then was, explained in *Maier v ASOS* [2015] EWCA Civ 220:

“In considering whether a defendant is acting fairly in relation to the legitimate interests of the trade mark proprietor it will be relevant to consider, among other things, whether there exists a

likelihood of confusion; whether the trade mark has a reputation; whether use of the sign complained of takes advantage of or is detrimental to the distinctive character or repute of the trade mark; and whether the possibility of conflict was something of which the defendant was or ought to have been aware. The national court must carry out an overall assessment of all the circumstances and determine whether the defendant is competing unfairly.”

87. In the present case, had I found that there was a likelihood of confusion or the causing of detriment to the distinctive character of the mark or the taking of advantage of the reputation of the mark then I would not have found that the use was in accordance with honest practices in industrial or commercial matters because of the failure by Benefit to establish that the possibility of conflict was something of which it was not aware.

Passing Off

88. Having found that there was no likelihood of confusion, I do not believe that there are any considerations that are relevant under the law of passing off that would lead me to find that the use of the sign resulted in a misrepresentation to the average consumer. The case in passing off fails.

Summary

89. I find that the action for trade mark infringement under Article 9(2)(b) and (c) fails as does the action for passing off.