



Neutral Citation Number: [2021] EWHC 118 (Ch)

Case No: IL-2019-000003

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

Royal Courts of Justice, Rolls Building  
Fetter Lane, London, EC4A 1NL

Date: 27/01/2021

Before :

**THE HONOURABLE MR JUSTICE MICHAEL GREEN**

Between :

(1) LIFESTYLE EQUITIES C.V.  
(2) LIFESTYLE LICENSING B.V.  
(both companies incorporated under the laws of the  
Netherlands)

**Claimants**

- and -

(1) AMAZON UK SERVICES LIMITED  
(2) AMAZON EXPORT SALES LLC  
(a company incorporated in the state of Delaware,  
USA)  
(3) AMAZON.COM INC  
(a company incorporated in the state of Delaware,  
USA)  
(4) AMAZON EUROPE CORE SARL  
(a company incorporated in Luxembourg)  
(5) AMAZON EU SARL  
(a company incorporated in Luxembourg)

**Defendants**

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

James Mellor QC and Maxwell Keay (instructed by Hogan Lovells International LLP) for  
the Defendants

Hearing dates: 8,9,10,11 and 15 December 2020

**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.

**Covid-19 Protocol: This judgment was handed down remotely by circulation to the parties' representatives by email, release to BAILII and other websites. The date and time for hand-down is deemed to be 10.30am on 27<sup>th</sup> January 2021**

.....

MR JUSTICE MICHAEL GREEN

	<b>CONTENTS</b>	<b>Paragraphs</b>
<b>A</b>	<b>INTRODUCTION</b>	A1-7
<b>B</b>	<b>THE PARTIES, THE REGISTERED TRADE MARKS AND THE BUSINESS MODELS</b>	8 - 13
<b>C</b>	<b>THE EXAMPLE TRANSACTIONS</b>	14 - 36
<b>D</b>	<b>THE ISSUES</b>	37 - 40
<b>E</b>	<b>THE WITNESSES</b>	41
<b>F</b>	<b>FURTHER FACTUAL MATTERS</b>  <b>(1) Implementation of Restrictions</b>  <b>(2) Effectiveness of Restrictions</b>  <b>(3) Volume of allegedly infringing sales and other data</b>  <b>(4) Amazon’s Reporting Tools and use made of them by the Claimants</b>	  55 – 71  72 – 74  75 – 82  83 - 89
<b>G</b>	<b>LEGAL ISSUES:</b>  <b>(1) Core principles of trade mark infringement</b>  <b>(2) Use of a sign</b>  <b>(3) Use in the course of trade</b>  <b>(4) Use in the relevant territory - Targeting</b>  <b>(5) The case of <i>Blomqvist</i></b>  <b>(6) “Counterfeit” goods</b>  <b>(7) Passing Off</b>  <b>(8) Joint Liability</b>	  90  91 – 98  99 – 112  113 – 116  117 – 127  128 – 147  148 – 152  153 – 154  155 - 158
<b>H</b>	<b>APPLICATION OF THE LEGAL PRINCIPLES TO THE FACTS</b>  <b>(1) Targeting</b>	  159  160 – 179

	(2) Sales	180 – 189
	(3) Importation	190 – 193
	(4) Use of the sign	194 - 198
<b>I</b>	<b>JOINT LIABILITY</b>	199 - 207
<b>J</b>	<b>CONCLUSION</b>	208 - 213

**Mr Justice Michael Green :**

## **A. INTRODUCTION**

1. This is the trial of a trade mark dispute between the owners of the Beverly Hills Polo Club (**BHPC**) brand in the UK and EU (and certain other countries) and companies within the Amazon Group. The Claimant companies say that the Defendant companies have infringed their trade mark rights by allowing BHPC branded goods to be listed on their websites, in particular amazon.com, and so to be visible to consumers in the UK and EU (hereafter collectively referred to as “**UK/EU**”).
2. This is not a normal case of trade mark infringement as there are no issues of likelihood of confusion or similarity; it is accepted that the goods in question have the BHPC sign and are identical to the Claimants’ valid registered trade marks (the Claimants describe it as a “*double identity*” case). The issue in this case arises because of a split in the ownership of the trade mark rights between the US and the UK/EU, apparently a fairly unusual situation. BHPC goods that have been lawfully manufactured, marketed and sold in the US with the consent of the US rights holder are being marketed and sold, so the Claimants say, by Amazon in the UK/EU by being listed either on amazon.com or through its global store service on amazon.co.uk, thereby infringing the Claimants’ trade mark rights. The Claimants say that this is a form of “*counterfeiting*” and it is destroying their business.
3. The Defendant companies recognise the problems that arise from such a split in the ownership of trade mark rights but say that the Claimants’ case has been exaggerated and that certain restrictions that Amazon have put in place in order to protect the Claimants’ rights have been effective in stopping there being any sales of BHPC goods from the amazon.com website to the UK/EU. Furthermore, they point to the fact that historical sales of BHPC goods from amazon.com to consumers in the UK/EU have been tiny and that therefore the Claimants’ action is wholly disproportionate. They say that what this is really about is preventing any visibility of BHPC goods to consumers in the UK/EU and Mr Eli Haddad, the Managing Director of the Claimants, admitted that that is what he wants to achieve. He repeatedly said in his evidence that sales are not the issue and that Amazon has never really understood this; it is the mere visibility of BHPC products to UK/EU consumers that is damaging the value of their brand in the UK/EU, he says.
4. The insistence of the Claimants to describe this case as being about “*counterfeiting*” is unhelpful and in my view obscures the real issues. These are not “*fake*” or “*counterfeit*” goods in any normal sense of the word as they have been manufactured

and put on sale in the US with the consent of the US rights holder. Describing such goods as “*counterfeit*” seems to me to be purely for effect and pejorative, and does not assist in analysing whether the listing of lawfully branded BHPC goods on amazon.com infringes the Claimants’ trade mark rights in the UK/EU, even if such consumers are unable to purchase those goods from the amazon.com website.

5. Rather than being about counterfeiting, this case seems to me to be much more about the impact of e-commerce and the global nature of the Internet, the “*world-wide web*”, on the protection of non-global trade mark rights. This is brought into sharp focus by the split ownership in this case where it is necessary to understand the extent of this court’s jurisdiction and the inherent territoriality of trade mark rights. The UK and EU case law in this field has attempted to strike a balance between those tensions and has developed the concept of “*targeting*” of a website or similar means of advertising or selling and the court will only accept jurisdiction if the website is targeted at the relevant territory where the rights are owned. That is really what is at the heart of this case: is Amazon’s US website, amazon.com, and/or the listings of BHPC products thereon, targeted not only at US consumers but also at UK/EU consumers?
6. Amazon operates four relevant business models through which purchases could be made of BHPC branded goods by consumers in the UK/EU. The parties have agreed that for the purposes of testing the Defendants’ liability, the allegations of infringement and passing off are to be assessed by reference to four sample transactions, each one representing a transaction that took place through the four business models (which are described in more detail below).
7. This trial is only concerned with liability. As is usual in such cases, quantum of damages, if any, will be left to a second trial if I find the Defendants liable and I consider that such an inquiry should take place.

## **B. THE PARTIES, THE REGISTERED TRADE MARKS AND THE BUSINESS MODELS**

8. The First Claimant, Lifestyle Equities C.V., is the proprietor and the Second Claimant, Lifestyle Equities B.V., the exclusive licensee of a portfolio of registered trade marks that protect the BHPC brand in the UK and the EU (they are hereafter referred to collectively as the “**Claimants**” and there is no need to distinguish between them). The Claimants were incorporated in the Netherlands and are owned and controlled by their Managing Director, Mr Eli Haddad. Their business is selling clothing and similar goods under the BHPC brand or licensing others to do so within their territories.
9. In 2008, there was a split between Mr Haddad and his two brothers: the latter have, since then, through their company called BHPC Associates LLC, owned the BHPC brand and corresponding trade mark rights in the US. It was clear to me from Mr Haddad’s evidence that he and his brothers have gone their own separate ways in respect of the BHPC brand and are pursuing very different methods of promoting and selling BHPC branded goods. That situation has given rise to the current dispute with goods lawfully listed on amazon.com with the authorisation or licence of Mr Haddad’s brothers, while Mr Haddad wants nothing to do with that approach and

wants to stop his market from seeing, in particular, the price at which BHPC branded goods are being sold in the US.

10. The Claimants' registered trade marks in the UK and the EU protect either the words "BEVERLY HILLS POLO CLUB" or this logo:



The trade marks protect a wide variety of goods, but of particular relevance they cover clothing, luggage, watches and perfumery. The precise details of the UK and EU trade marks are set out in an annexe to the Particulars of Claim. These are not disputed and do not need to be set out in this judgment.

11. The Defendants are all part of the Amazon group of companies that generally operate e-commerce websites. For convenience, I will continue to refer to "Amazon" throughout this judgment, unless it is necessary to identify the particular company concerned. As already indicated above, the relevant Amazon websites are: (1) the US website at [www.amazon.com](http://www.amazon.com) (**amazon.com**); (2) the UK website at [www.amazon.co.uk](http://www.amazon.co.uk) (**amazon.co.uk**); and (3) the German website at [www.amazon.de](http://www.amazon.de) (**amazon.de**).
12. The four relevant business models in issue in this case can be shortly defined as follows:

(1) **Amazon Exports-Retail**

Customers shopping on amazon.com purchase products from Amazon, more particularly the Second Defendant, and these are shipped to another country such as the UK.

(2) **FBA Export**

FBA means Fulfilled by Amazon. Third party sellers place their products on amazon.com and international customers buy those products from the third party sellers. However, Amazon handles all aspects of the transaction including arranging for storage, shipping and delivery and processing the transaction including the payment.

(3) **MFN Export**

MFN means Merchant Fulfilled Network. It is sometimes referred to as FBM, Fulfilled by Merchant. This is also where third parties sell their products to international customers through amazon.com. However, in contrast to FBA Export, Amazon does not handle the storage, shipping, delivery and other logistics of exporting the product. Amazon does handle payment processing and of course the products are listed for sale on its website.

(4) **Amazon Global Store**

Amazon offers a service on amazon.co.uk and amazon.de whereby a consumer on those websites can access listings for certain products on amazon.com. Products that are sold in this way through Amazon Global Store are sold by the Second Defendant.

13. The involvement of each Defendant company in these business models is as follows:
- (1) The First Defendant, Amazon UK Services Limited, is a UK company that 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.
  - (2) The Second Defendant, Amazon Export Sales LLC, is a company incorporated in Delaware, USA and it is the seller of products sold through Amazon Exports-Retail and Amazon Global Store.
  - (3) The Third Defendant, Amazon.com Inc, is also a company incorporated in Delaware, USA. 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, as one would expect, but the Claimants say that it must be directing all the other relevant companies to act in concert in relation to the business models (this is examined further later).
  - (4) The Fourth Defendant, Amazon Europe Core Sarl, is a Luxembourg company that operates amazon.co.uk and amazon.de. It is therefore responsible for Amazon Global Store listings on those websites. It has no involvement in the amazon.com business models.
  - (5) The Fifth Defendant, Amazon EU Sarl, is also a Luxembourg company. The Claimants allege that it too operates amazon.co.uk and amazon.de but this is denied by the Defendants.

**C. THE EXAMPLE TRANSACTIONS**

14. In the Particulars of Claim, the Claimants relied on a number of test purchases that they claimed showed the Defendants were infringing their trade mark rights. In fact those purchases were only through two of the four business models described above namely: Amazon Global Store; and FBA Export.
15. In the Defence, the Defendants explained the four relevant business models by which goods from the US might be shipped to UK/EU-based consumers. It was therefore agreed at the CMC on 9 December 2019 that there should be a representative transaction for each business model. This was limited to four transactions by further agreement prior to the pre-trial review on 10 November 2020.

16. As the test purchases referred to in the Particulars of Claim were only in respect of the two business models explained above, representative transactions for the other two business models – Amazon Exports-Retail and MFN Export – had to be generated. By that time, however, Amazon had put in place a number of restrictions on BHPC goods being purchased by UK/EU consumers from the US, and so different unrelated products had to be used. I therefore have to assume that these products bore the BHPC signs and everyone is agreed that they are indeed representative of the journey that a purchaser of such products would take using those two business models. There is more information in relation to the latter two transactions as these were effected in the course of this litigation as opposed to being the test purchases that preceded the litigation.
17. At this stage I will describe generally the evidence that I have been shown in relation to each of the four example transactions.

(1) Amazon Exports-Retail

18. The product that was searched for on this business model was a *Cinch* boy's shirt. The first page of amazon.com that is seen by a consumer from the UK contains a banner across the top that says in relatively large writing "*Welcome to Amazon.com*". Beneath that it says "*We ship over 45 million products around the world*". Then in much smaller writing 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*"
19. It is clear that the website recognises the consumer's location. It says in the top left hand corner that Amazon delivers to the UK. If the consumer clicks or hovers on that a box pops up that says as follows:

**"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 that box, there are two options: "*Don't change*" or "*Change Address*". The consumer is able easily to change the currency to GBP and also to change the language used on the website (although it was unclear exactly what languages it could be changed into, save that it could definitely be converted into Spanish).

20. In this example transaction, the available shirts are listed and when one is selected, the customer goes through to the detail page for that product. The page that is in the evidence shows the shirt's price in US dollars (\$34.26), the shipping cost also in US dollars (\$6.07) and then it says "*This item ships to **United Kingdom***". Below the "*Buy Now*" button are the words "*Ships from and sold by Amazon.com*".
21. Once the customer has signed in and added the item to their cart, they go through to the "*Review your order*" page. The purchase price is now shown in GBP as the customer has signed in and that is their default currency. Beneath the "*Place your*



*order in GBP*” button there is the following text: “*By placing your order you agree to Amazon’s [privacy notice](#) and [conditions of use](#)”, both of which are hyperlinks. The “*conditions of use*” includes 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.”

22. In addition to the price of the product and the shipping cost, there is also included an “*import fees deposit*” which in this case was a sum of £6.74. Under the “[learn more](#)” hyperlink, the import fees deposit is explained. Basically the amount is what Amazon predicts will be the import fees payable. Even though the customer is the “*importer of record*” by the terms and conditions, Amazon will not ask for more money from the customer if the import fees deposit is less than the actual amount. Amazon bears the cost itself. If it is more than the actual amount, Amazon refunds the excess to the customer.
23. Amazon’s International Shipping Terms and Conditions can be accessed by the customer through the “[learn more](#)” hyperlink. In that, the following is stated:

“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.”

(2) FBA Export

24. In this model the third party seller is responsible for sourcing, listing and controlling the price of the product for sale. The sale itself is between the third party and the customer and it is “*fulfilled*” by Amazon. At no point does Amazon, or any entity within the Amazon Group, become the owner of the product.

25. There is exactly the same process through amazon.com for the customer as in the Amazon Exports-Retail model. The example transaction for FBA Export were BHPC men's polo shirts but as they were part of the early test purchases, screenshots of the various stages of the buying process are not available. The purchase was effected by Ms Catherine Mills, an Operations Assistant at the Claimants' solicitors, Brandsmiths, and who gave evidence at the trial.
26. The communications after purchase are before the court. On 15 November 2018, Ms Mills received an email from Amazon with the Order Confirmation. The email thanked her "*for shopping with us*"; there is no mention of any third party seller. The email sets out the price paid in US dollars, including the import fees deposit, but then converts the total into GBP. At the bottom of the email, it refers to "*Amazon Export Sales Inc.*" as the seller (this may be a reference to the Second Defendant, although that company is "*LLC*" rather than "*Inc.*"). It also referred to the payment as having been processed by "*Amazon Payments, Inc.*".
27. On 16 November 2018, Ms Mills received a "*Shipping Confirmation*" email from Amazon. Again it stated that "*all items in this order are sold by Amazon Export Sales, Inc. (AES), unless otherwise noted*". There is no indication that any other party was the seller.
28. On 23 November 2018, Ms Mills received a feedback email and this purported to be from "*Jason*" at "*Beverly Hills Polo Club USA*". However, the email continues to display prominently Amazon.com, it refers to the "*Amazon Order*" and it is clearly an email that is generated by amazon.com.

### (3) MFN Export

29. In this model, amazon.com is used by the third party seller as a marketplace in which their products are listed and payments are processed. All other aspects of the sale, including warehousing, shipping and delivery to the customer are handled by the third party.
30. As this was not one of the test purchases, the product that was used for this business model was a *9 Crowns* boys' shirt which was sold by a company called justdoit4less.com LLC, trading as Webzom.
31. The customer experience is materially the same as that for Amazon Exports-Retail and FBA Export. The only difference is that on the products detail page below the "*Buy Now*" button, it identifies the seller: "*Ships from and sold by Webzom*", which appears to be a hyperlink. Below that, it again makes clear that it delivers to the UK.
32. The "*Order Confirmation*" email is from Amazon and there is no mention of the third party seller. And 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 did also state that "*Tracking info [was] provided by Webzom*". Amazon does 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.

The Claimants say that this Guarantee shows that Amazon is more than merely providing an online marketplace and it takes an active part in the overall sales experience, at least so far as the customer is concerned.

(4) Amazon Global Store

33. This model concerns amazon.co.uk (and amazon.de) on which listings of certain products are “*cross-listed*” from amazon.com. This was one of the test purchases and the example transaction is of two packs of BHPC men’s underwear.
34. When “*Beverly Hills Polo*” was searched on the Amazon Global Store service on amazon.co.uk a number of items were listed. In a letter dated 30 November 2020 from the Defendants’ solicitors, Hogan Lovells International LLP, shortly before the start of this trial, the Second and Fourth Defendants conceded that these listings, which were available before January 2019 on Amazon Global Store, “*were advertisements which infringed the Claimants’ UK and EU registered trade marks.*” They did not concede any other infringements, in particular any use of the signs in the course of trade by making sales, but they have belatedly accepted that the listings on Amazon Global Store were indeed targeted at UK consumers insofar as they appeared on amazon.co.uk.
35. This example transaction was conducted by another person from Brandsmiths, Mr John Battersby, who is a solicitor at the firm based in Manchester. He too gave evidence and was cross examined.
36. On the details page, the customer is told that the items are “*Dispatched from and sold by Amazon US*”. On 3 March 2017, Mr Battersby received an “*Order Confirmation*” from amazon.co.uk for his purchase of two packs of boxer shorts for a total price of £18.68. Postage and packing was £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.”

**D. THE ISSUES**

37. The parties agreed a List of Issues before the pre-trial Review. Similar issues arise in relation to all four business models, save that the question of “*targeting*” does not apply to Amazon Global Store, as this is on amazon.co.uk, which is accepted targets UK consumers. A major issue in the case is however whether amazon.com, or the listings thereon, targets UK/EU consumers.
38. So the issues in relation to the four business models as agreed are put as follows (in a more condensed form than in the List) and to be determined by reference to the relevant example transaction:

(1) Amazon.com business models: Amazon Exports-Retail; FBA Export; MFN Export

- (i) whether the listing of the product is targeted at the UK/EU and whether the listing is an offer for sale or advertisement in the UK/EU
- (ii) whether the sale of the product took place in the UK/EU and/or whether the product was put on the market in the UK/EU
- (iii) whether any of the Defendants are responsible for importation of the product into the UK/EU, and if so, which.
- (iv) only in relation to FBA Export and MFN Export, whether any of the Defendants have used any of the relevant signs.

(2) Amazon Global Store

- (i) Whether the sale of the product took place in the UK/EU and/or whether the product was put on the market in the UK/EU
- (ii) whether any of the Defendants are responsible for importation of the product into the UK/EU, and if so, which.

39. The following further issues are said to arise:

(1) Conclusions on infringement/passing off

- (i) whether any of the Defendants have committed any act of infringement of registered trade mark?
- (ii) whether any of the Defendants have committed any act of passing off?

(2) Restrictions

What restrictions have been implemented to prevent listings and/or international shipping from the US to the UK/EU of BHPC branded products, the date(s) when such restrictions were implemented and whether (and if so from when) those restrictions have been effective?

(3) Joint liability

- (i) Whether the Defendants are jointly liable for any infringement found to be committed by any one of them
- (ii) whether any of the Defendants have engaged in common design with others, in particular the purchasers and/or shippers of goods bearing the relevant signs, to secure that they are imported into the UK and into the EU
- (iii) whether any of the Defendants have threatened to enter into a common design with others who possess goods bearing the relevant

signs to secure that sales of those goods to persons in the UK and in the EU take place.

(4) Main points on relief – for determination at any relief hearing

- (i) Whether, if any act of infringement has been found, there is any threat by any of the Defendants to continue any such act such as to justify any injunctive relief?
- (ii) whether, in the circumstances, the Claimants should be given permission to pursue any inquiry as to damages or account of profits?

40. Although passing off is pleaded and included in the List of Issues, I received virtually no submissions on it and it was accepted in opening that it really adds nothing to the trade mark infringement claim upon which I shall concentrate.

## **E. THE WITNESSES**

41. The Claimants relied on four witnesses, all of whom were cross examined. The main witness was Mr Haddad who had made 2 witness statements and was cross examined over the course of one day.

42. The other three witnesses all worked at the Claimants' solicitors, Brandsmiths: two have been referred to above, Ms Mills and Mr Battersby, both of whom effected the test purchases that became two of the example transactions: the third was Ms Hayley Griffin, a solicitor at Brandsmiths, and she conducted a test purchase on 2 October 2020 of "*Beverly Hills Polo Club Sport Men Eau De Toilette 50ml*" under the brand heading "*Giorgio Beverly Hills*". Nothing I think turns on that and these three witnesses gave their evidence fairly and honestly and I accept, for what it is worth, their evidence.

43. I was however troubled by Mr Haddad's evidence. While it was clear that he is passionately protective of the BHPC brand, his repeated outbursts during the course of his cross examination as to Amazon destroying the brand and his business struck me as indicative of both his character and his purpose in these proceedings. He is clearly litigious, even to the extent of revealing during cross examination that he had sued his brothers twice and that he considered that they were not cooperating with him as they were obliged to under the terms of their agreement. Wholly inconsistent with such a poor relationship between the brothers was Mr Haddad's statement in his witness statement that he and BHPC Associates LLC (his brothers' company owning the US BHPC trade marks) "*look to cooperate when it comes to the development of the Brand globally*" and that they "*provide reasonable assistance to one another in pursuing infringers*".

44. Right from the start of his oral evidence Mr Haddad was intent on mounting a tirade against Amazon and frequently used any question as an opportunity for putting on the record his hostility towards Amazon and their business practices. To set the tone, he wanted to make clear that when he referred to "*infringing articles*" in his witness statements, he actually meant to say "*counterfeit articles*" and from then on he

insisted on referring to BHPC items listed on amazon.com as “*counterfeit*”, even though he was reminded of the fact that they were there in all likelihood with the consent of the US rights holders (his brothers) and had been manufactured with their consent. The only reason for referring to these goods as “*counterfeit*” was to paint a picture of Amazon allegedly being engaged in illegal activities.

45. Mr Haddad has form in this regard. In some other litigation that he has caused the Claimants to bring against Sportsdirect, he gave evidence at the trial and accused Sportsdirect of being involved in the sale of counterfeit goods. In *Lifestyle Equities C.V. and anor v Sportsdirect.Com Retail Ltd and ors* [2018] EWHC 728 (Ch), HHJ Pelling QC, sitting as a deputy Judge of the High Court, criticised Mr Haddad for accusing the Defendants of selling counterfeit goods. The learned Judge said that Mr Haddad’s purpose in the accusation was “*to imply knowing wrongdoing on the part of Sportsdirect*” but he went on to find that “*there is no evidence of knowing wrongdoing on the part of Sportsdirect in relation to the 2013 Goods*”. Eventually Mr Haddad accepted that this was a criticism of him. But what he was unable to see was that he was doing exactly the same in this case and effectively accusing Amazon of knowingly facilitating the trade in counterfeit goods. Even if he had been told that BHPC goods sold to the UK/EU through amazon.com might technically be termed “*counterfeit*”, I do not believe that he was using the term in that sense. He was, like in the Sportsdirect case, attempting to characterise the issues in the case in a certain way, casting Amazon as a willing counterfeiter.
46. Mr Haddad was completely dismissive of the restrictions that Amazon have put in place since being made aware of the issue in 2017. He said that this was all directed at the wrong thing, namely sales, whereas he was only interested in removing visibility of BHPC goods for UK/EU consumers on amazon.com. He went too far in this respect in his witness statement when he suggested that the Defendants “*refused to take any steps to prevent further infringement*”, which he corrected in cross examination to “*any meaningful steps*”.
47. In his second witness statement, Mr Haddad exhibited printouts of recent listings of BHPC products on amazon.com and said that these 79 results were “*for delivery to the UK*” and the fact that “*these items remain available for sale to the UK is a testament to the failure of whatever restrictions the Defendants claim to have put in place*”. However, during cross examination, Mr Haddad was forced to accept that those 79 items were not available for sale or delivery to the UK because of the restrictions that Amazon had put in place to prevent that happening. Having agreed that the restrictions were therefore preventing sales of BHPC goods from the US to the UK, Mr Haddad reverted to his theme:

“Again, once again, I am glad that they are not for sale but it doesn’t work for me. The fact that they are not for sale means either they are sold out but they are in commerce. The fact they are advertised and they are in commerce suggests the brand has commercial activity and that is what the brand stands for...that is what is killing me. Whether or not it is available for delivery is not the point.”

Again he is only interested in removing all visibility of BHPC products on amazon.com for UK/EU consumers and does not care whether they can actually purchase and take delivery of such products.

48. I agree with the Defendants' characterisation of Mr Haddad as having a self-centred view of the world. He does not want UK/EU consumers to be able to see the sort of prices that BHPC goods are being traded at in the US. Yet this is the way of the modern world and consumers do shop around on the internet. Mr Haddad did not understand or had not considered the impact of the restricted access he was advocating. He was shown during cross examination some documents that indicated that another company of his, Blue Ocean Strategies LLC, which was a licensee of the Claimants, was selling BHPC goods on amazon.co.uk and that these were available to be shipped to the US. While he claimed, unconvincingly, that his son had sought to prevent sales to the US by ticking the relevant box to instruct Amazon not to ship such goods to the US, he was unable to see the irony that not only was he responsible for using Amazon and e-commerce to market and sell BHPC goods (something that he denied was part of the Claimants' sales strategy) but also he was purporting to do in reverse that which he is saying in these proceedings should have been prevented by Amazon.
49. Furthermore when I pointed out to Mr Haddad that the effect of the blocking of BHPC goods on amazon.com from being seen in the UK/EU would mean that a UK customer would not be able to purchase such goods on amazon.com for delivery in the US, say as a present to someone living in the US, he said that he would have to "*think that through*". Because that circumstance would not impact his business (though it might affect his brothers'), I have little doubt that he would see that as a small price to pay for the more important protection required for his business by a blanket ban on visibility.
50. The one aspect where I have a little more sympathy for Mr Haddad is in relation to Amazon's reporting options. As is explained in more detail below, the Claimants could not use either of the reporting options on amazon.com because they are not the US rights holder. Having said that, I sensed from his evidence that Mr Haddad was really never prepared to engage with Amazon in relation to these matters because he believed that Amazon did not understand or wish to remedy the visibility question. His disdain for Amazon was evident from his suggestion that those other companies that had used the Brand Registry reporting option successfully all had a vested interest in providing positive testimonials because they were the ones who used Amazon to sell their products.
51. While there is a slight conflict on the evidence as to what happened at a meeting on 5 December 2018, Mr Haddad's evidence is not particularly material to the issues that I have to decide. Accordingly I do not need to conclude whether his evidence is reliable or not. But hearing him give evidence has enabled me to understand what is driving this litigation and what he wants to achieve. As is clear from the above, I believe that Mr Haddad is waging war with Amazon because he sees it as responsible for damaging the BHPC brand and the Claimants' business in the UK/EU. I will have to decide if the Defendants have infringed, and whether they are still infringing, the Claimants' trade mark rights in the UK/EU. In deciding that I will not be influenced, and was not assisted, by the exuberant and over-emotive nature of Mr Haddad's evidence.
52. The Defendants' witnesses, who all gave evidence remotely from Seattle USA, were as follows:

- (1) Mr Anil Tripathi who is a director of the Cross Border Selection Team at Amazon.com Services LLC; he gave evidence about the four business models and the example transactions;
  - (2) Mr Benjamin Jones who is a Senior Product Manager employed by Amazon.com Services LLC; he gave evidence about the restrictions put in place by Amazon in relation to the sale and listings of BHPC goods;
  - (3) Ms Kaleigh Miller who presently has the title Senior Manager Global Dangerous Goods Engagement but when she made her witness statement was Brand Relations Lead at Amazon.com Services LLC; she gave evidence about the reporting options for IP rights owners and the Claimants' use of such options;
  - (4) Mr Joseph Champion who is now Head of Business Operations and was previously Senior Business Operations Manager for Amazon Core Exports employed by Amazon.com services LLC; he gave evidence in relation to the sales volumes of BHPC products that have been sold from amazon.com to consumers in the UK/EU and about the levels of access from the UK/EU to the relevant listings on amazon.com;
  - (5) Ms Annasara Purcell who is corporate counsel for Brand Protection employed by Amazon.com Services LLC; she gave evidence principally about the pre-action correspondence between the parties and a meeting in Seattle on 5 December 2018 between Amazon and Mr Haddad, which she attended.
53. All of the above witnesses gave their evidence honestly, sincerely and straightforwardly and I unhesitatingly accept it. They were considered in their responses and were able to accept things that might be against Amazon's interests, such as imperfections in the 2018 restrictions put in place (Mr Jones) and the fact that, without being the US trade mark owner, the Claimants could not have used Brand Registry reporting in relation to amazon.com (Ms Miller).
54. There were also two further witness statements put in by the Defendants shortly before the trial in respect of which the Claimants did not wish to cross examine. These were:
- (1) A witness statement of Mr Mohammad Warraich dated 19 November 2020; Mr Warraich is a trainee solicitor at Hogan Lovells International LLP and he carried out some searches on amazon.com to test Mr Haddad's claim that BHPC products were available for sale and delivery to the UK/EU; he also did a search on amazon.co.uk for BHPC products;
  - (2) A witness statement of Mr Peter Elkin dated 20 November 2020; Mr Elkin is a solicitor at Hogan Lovells International LLP; he exhibits some searches he did on amazon.co.uk in order to test Mr Haddad's statement that the Claimants "*do not use Amazon as a sales channel*".

## **F. FURTHER FACTUAL MATTERS**



(1) The implementation of Restrictions

55. The Defendants say that from the time when possible trade mark infringement was first raised by the Claimants they have sought to resolve these issues by implementing certain technical restrictions in relation to the sale and advertising of BHPC goods to UK/EU consumers. Even though Mr Haddad considered that it was relatively easy for Amazon to put in place some sort of complete geo-block for BHPC products in the UK/EU, I do not believe that it is so simple and I accept Mr Tripathi's evidence that it is "*a complex process which requires effort across multiple systems*" and there may be unintended consequences.
56. The restrictions were introduced in stages between 2018 and 2019. In broad terms, the 2018 restrictions dealt with Amazon Global Store, whereas the 2019 restrictions dealt also with the amazon.com business models. I will detail the restrictions chronologically.
57. Mr Haddad says it was around February and March 2017 that he first became aware of BHPC branded goods being made available for sale on Amazon websites in the UK/EU. He instructed Brandsmiths to make test purchases and on 3 March 2017, Mr Battersby made the first test purchases through Amazon Global Store. Having verified that these were not produced or sold with the Claimants' consent, in April 2017, the Claimants used Amazon's reporting tools for the first time.
58. On 23 June 2017, Brandsmiths wrote to Amazon complaining about the listings on Amazon Global Store/amazon.co.uk of BHPC goods. Amazon responded by asking for specific details of the infringing items, by either ASIN (Amazon Standard Identification Number) or URL. When such details were provided on 29 June 2017, within three hours, Amazon had removed the identified ASINs.
59. On 3 November 2017, Brandsmiths wrote again to request information regarding the parties behind certain BHPC branded goods being offered for sale on amazon.co.uk. Having not received any response, on 14 December 2017, the Claimants issued a CPR Part 8 *Norwich Pharmacal* claim against the Second, Fourth and Fifth Defendants seeking information regarding the parties that had supplied the allegedly infringing articles to the Second Defendant. The Defendants instructed solicitors, Hogan Lovells International LLP and there were apparently without prejudice discussions during the course of 2018 to try to resolve the parties' differences.
60. On 11 January 2018, Amazon implemented restrictions on items with BHPC manufacturer vendor codes from being sold from the US to the UK via Amazon Global Store. This was done by restricting cross-listing from amazon.com on to amazon.co.uk. In or around May 2018, the Claimants appear to have ceased using any of Amazon's reporting tools for alleged infringements.
61. On 16 October 2018, the Claimants' US lawyers, Proskauer Rose LLP, wrote to Amazon complaining about the "*rampan infringement of [the Claimants'] intellectual property rights on Amazon.com and a number of Amazon's international sites, including the sale and distribution of unauthorized and infringing BEVERLY HILLS POLO CLUB products by Amazon itself.*"

62. Between 15 and 21 November 2018, Ms Mills on behalf of the Claimants made a series of further test purchases, one of which has become the example transaction for FBA Export.
63. On 19 November 2018, Ms Purcell on behalf of Amazon responded to the 16 October 2018 letter from Proskauer Rose LLP. In the letter Amazon denied that it had infringed any trade mark rights of the Claimants as all relevant elements of the transactions had taken place within the US. Nevertheless, “*as a gesture of goodwill and to avoid the need to spend further resources addressing this matter relating to what appear to be negligible sales*”, Amazon stated that it was putting in place further restrictions on the sale of BHPC products. These were set out by Ms Purcell in the following terms:
- “For sales on the international sites listed above, Amazon intends to remove any offers for BHPC Products (branded as such) from Amazon Export Sales, and to not offer BHPC Products for sale from Amazon Export Sales on those sites going forward. For third-party sales, if you provide a valid notice of any third-party seller offering BHPC Products for sale on these international websites in violation of your intellectual property rights using Amazon’s reporting tools, Amazon will remove that offer consistent with our notice and takedown procedures. We would be happy to meet with your client to discuss submitting reports in the most efficient way possible.
  - For sales made through Amazon.com, Amazon intends to implement restrictions preventing orders for BHPC Products (and branded as such) that are either sold or fulfilled by Amazon from being shipped directly into any of the jurisdictions in which [the Claimants] owns the mark.
  - For third-party sales through Amazon.com that are not fulfilled by Amazon, Amazon neither controls the content of these offers nor the destinations to which sellers choose to ship. We are willing to work with you to discuss a solution for these third party sales that will address your client’s concerns, but we believe that that [sic] we will need significant input from your client to identify the third-party sales at issue and the best means of addressing these sales.”

This was a reasonable offer and it concluded by agreeing to meet with the Claimants’ representatives in Seattle “*to discuss the best methods of addressing third-party sales from Amazon.com and to ensure that we are collaborating in the most effective manner possible to help protect your client’s intellectual property.*”

64. The meeting took place at the Amazon Doppler building in Seattle on 5 December 2018. Mr Haddad and his son attended the meeting together with Mr O’Rourke of Proskauer Rose LLP (the author of the 16 October 2018 letter) and his assistant Ms Jennifer Yang. On behalf of Amazon, the attendees were Mr Charles Wright, Associate General Counsel for consumer legal, Ms Purcell, Mr Alex Crawford, a member of Amazon’s Brand Incident Management team, and Mr Jake Iwen, a member of Amazon’s Brand Registry team (the latter attended remotely and left the meeting early due to technical problems). There is a small dispute on the evidence

between Mr Haddad and Ms Purcell as to precisely what was said by Mr Wright in response to Mr Haddad's and Mr O'Rourke's requests that Amazon block all visibility on amazon.com of BHPC branded goods for UK/EU consumers. Ms Purcell records Mr Wright as having said that "*we are not going to do that*" and "*we are not going to censor the internet*"; whereas Mr Haddad says that he recalls Mr Wright saying that "*we are not changing our systems for you*". I do not need to resolve this, although, if it were necessary to do so, I would favour Ms Purcell's evidence over that of Mr Haddad, because as Mr Haddad accepted in cross examination, Amazon was in fact changing its systems to accommodate the rare situation that the Claimants found themselves in.

65. It is clear nevertheless from both of their accounts that Mr Haddad was as adamant then as he was before me that he was not interested in restrictions that blocked only sales of BHPC goods from amazon.com to UK/EU consumers and that he was insisting on restrictions being put into place that blocked any visibility of such goods to UK/EU consumers. I can also well imagine that Mr Haddad was typically aggressive in putting forward what he wanted, with much condescension towards Amazon's business methods. Amazon for its part reiterated the offer of further restrictions set out by Ms Purcell in her 19 November 2018 letter but said that not only would the block on visibility be technically complex but also that they were not prepared to do such a thing for any intellectual property rights owner. Amazon believed that the further restrictions would give the Claimants everything that they could reasonably ask for in the circumstances of the split ownership of the brand.
66. Shortly after the meeting, Amazon unilaterally began to implement the further restrictions they had offered. However, Mr Haddad continued to reject this approach and he wrote to Mr Wright on 28 December 2018, setting out, as he put it, his "*frustrations*":

"I have considered the proposals made by Amazon during our December 5 meeting to address the widespread infringement of our BEVERLY HILLS POLO CLUB trademark across the globe on [www.amazon.com](http://www.amazon.com) and Amazon's numerous international sites. In light of my extensive interactions with Amazon over the past several years across multiple venues – including Amazon's failure to abide by its previous promises and its utter disregard for our legal rights and for court orders in other venues where we have brought legal actions – as well as the tone of our December 5 meeting and Amazon's unwillingness to work with us to fully address the violations of our rights, I have concluded that these proposals are completely inadequate. Unless Amazon (a) pays a substantial price for the extensive damage it has caused our business through its arrogant attitude toward the illegal and willful conduct that its multiple divisions around the world have engaged and continue to engage in to this day, and (b) is held responsible for future infringement and its resulting damage to our business through immediate and sizable fines for each subsequent act of infringement in violation of its promises to us and its legal obligations, these proposals and any others that Amazon might make will only continue to reflect Amazon's culture of arrogance and disregard for our brand and intellectual property rights.

Amazon's conduct has repeatedly evidenced its disregard for our rights. Most recently at our December 5 meeting, Amazon refused to take certain simple steps

to prevent the continued infringement of our intellectual property rights. This included refusing to write a few lines of code or invest a miniscule portion of its annual revenues in what we believe to be readily available technology to prevent infringing BEVERLY HILLS POLO CLUB product listings from being visible outside the U.S. in territories where we own the rights to the trademark, as well as refusing to implement procedures that have been offered to and adopted by other companies like Apple and Ralph Lauren to prevent unauthorized and infringing product listings by third party sellers. Even in the past when we have received assurances by Amazon's legal counsel abroad that Amazon would take certain actions to address the trademark infringement happening on Amazon's international sites in those foreign markets, Amazon has failed to take those actions and has continued to sell infringing products with the BEVERLY HILLS POLO CLUB mark..."

67. The further restrictions were first implemented by an internal request dated 20 December 2018 to restrict all BHPC goods from being shipped outbound from the US. Together with more restrictions introduced in early January 2019, based on keywords rather than manufacturer vendor codes, they were launched on 11 January 2019. The effect of these restrictions, as described by Mr Jones, was as follows:
- (1) They prevented all BHPC branded items from being shipped outside the US via Amazon Exports-Retail or FBA Export;
  - (2) Generally they prevented such products being sold via Amazon Exports-Retail or FBA Export from appearing in search results by consumers whose default or expressly selected delivery location is outside the US;
  - (3) They excluded BHPC products from Amazon Global Store, ie from amazon.co.uk and amazon.de; however some detail pages for such products that had previously been "*crosslisted*" from amazon.com onto Amazon Global Store still remained as "*shells*" on amazon.co.uk and amazon.de but with no offers for sale displayed on those pages; these pages were later "*suppressed*" by Amazon.
68. None of the above restrictions affected the MFN Export business model. Because Amazon does not physically handle or ship MFN Export goods, there are different systems in place for the listings of such goods and there are particular technical challenges in relation to them because of the large amount of products that are available on MFN Export. Restrictions were put in place on 5 November 2019 that prevented the shipping of BHPC branded goods from the US to the UK/EU. Unlike the restrictions against Amazon Exports-Retail and FBA Export, BHPC products are still listed on amazon.com if they are sold by third parties through MFN Export but UK/EU consumers are only informed at the checkout page that the item is not available for shipping to their destination. No reason for that is given.
69. The Claimants say that the visibility of BHPC goods on amazon.com via the MFN Export business model shows the ineffectiveness of the restrictions and is itself highly damaging to their business. UK/EU consumers are still presented, they say, with advertisements and offers for sale of BHPC branded goods and they are able to select the style, colour and size of the garment and are told the price and arrival time of the goods. It is only when the consumers get to the final stage of paying and checking out

that they are told that the goods cannot be shipped, which would lead to frustration on their part, possibly directed at the brand. If the consumers bother to try to find out the reasons why the products could not be shipped, they would only find a list of 10 possible standard reasons such as size, hazardous material, an import or export ban or the seller does not ship internationally. They are not told that there may be an infringement of intellectual property rights.

70. In terms of ongoing alleged infringement, it seems to me that it comes down to whether the visibility to UK/EU consumers of BHPC branded goods via the MFN Export business model on amazon.com is an infringement of the Claimants' trade mark rights even if such goods cannot be purchased by such consumers.
71. Being dissatisfied with the restrictions and proposed restrictions, the Claimants issued their Claim Form on 8 January 2019 and served it and the Particulars of Claim on 5 March 2019.

(2) The effectiveness of the restrictions

72. The 2018 restrictions were only in respect of Amazon Global Store. It appears that as these were based on manufacturer vendor codes and therefore whether all relevant codes were ascertained and blocked, it was not wholly effective. Mr Jones admitted that a small number of products slipped through the net in 2018. They clearly were effective to a certain extent because the sales data compiled by Mr Campion showed that in 2017 there were 137 Amazon Global Store sales of BHPC branded products whereas in 2018 there were only 5 such sales. The Claimants go too far in saying that the 2018 restrictions were "*shambolic in its execution*" but it is fair to say, and was accepted by the Defendants, that it was not totally successful.
73. The 2019 restrictions appear to have been completely effective in terms of preventing sales of BHPC branded goods from the US to the UK/EU. Mr Haddad seemed to accept that during the course of his cross examination although he of course maintained that those restrictions missed his point and were ineffective to prevent visibility. In his witness statements by contrast he had adduced evidence that he said showed that the 2019 restrictions did not even prevent sales. Mr Jones however demonstrated that all the examples that Mr Haddad put forward in support of his case that sales were not being restricted were actually either intra-EU transactions which the restrictions were not designed to prevent or the listed product was not actually available for sale. Mr Haddad agreed that the 2019 restrictions did prevent sales from the US and that they were also effective to prevent BHPC products from being listed on Amazon Global Store destination websites, ie amazon.co.uk and amazon.de.
74. It therefore seems clear, and I find, that there is no evidence that indicates that the 2019 restrictions have been anything other than completely effective. This is confirmed by the sales figures produced by the Defendants that show that there have been no sales of any BHPC products from the US via any of the business models since the 2019 restrictions were implemented during the course of 2019. Accordingly, as a matter of fact, I proceed on the basis that there were no infringing sales since the 2019 restrictions came into force and therefore the only possible ongoing infringement might be in relation to continuing visibility of listings of BHPC products on amazon.com. The Defendants have admitted that historically the listing of such

products on amazon.co.uk through Amazon Global Store before this was stopped by the 2019 restrictions were infringements of the Claimants' trade mark rights. But there is no similar admission in relation to listings on amazon.com, both historical and current.

(3) Volume of allegedly infringing sales and other data

75. Mr Campion gave evidence on behalf of the Defendants as to the volume of allegedly infringing sales of BHPC products from the US to the UK/EU. He also provided evidence as to the number of UK/EU consumers viewing BHPC products on amazon.com. This was hardly challenged in cross examination although the Claimants did submit that some of the figures should be treated with caution.
76. It is clear that the volume of sales of BHPC products from the US to the UK/EU is very small. Mr Haddad and the Claimants did not suggest otherwise because their case is that sales are not the issue. Nevertheless, the figures do bring some much-needed perspective to the matter.
77. In the seven years from 2013 to 2019, the total value of shipments from the US to the UK/EU of BHPC products was only \$4,514.26, with the total number of units shipped being 325. In 2019, there were 3 units shipped with a total value of \$45.97. Mr Campion says that there was only one shipment after the restrictions came into force on 11 January 2019.
78. Mr Campion also provided data as to the number of "active users" from the UK/EU who viewed BHPC products on amazon.com and he compared those numbers with US-based "active users" who viewed the same products in the 5 quarters from January 2019 to March 2020. This showed that the percentage of UK/EU active users to US active users ranged between 0.6% to 0.8%. Mr Campion defined "active users" as those consumers who are signed in to their Amazon account and he was cross examined about this with the suggestion being that there would be likely to be more consumers viewing such listings as they can do so without being logged in. Mr Campion fairly accepted this but maintained that it would not really affect the percentages as the point could similarly be applied to the US consumers.
79. Mr Edenborough QC also tried to establish a case that there would have been "significantly" more visitors to the listings for BHPC products on amazon.com in 2017 as there is a correlation (accepted by Mr Campion) between viewings of listings and sales and there were more sales, 60 times more in 2017 (184 in 2017 whereas only 3 in 2019) meaning there must have been a similar increase in viewings. Mr Campion agreed that that was likely but he did not agree that the percentage would "significantly" increase. In Mr Edenborough QC's closing submissions he suggested that this could amount to several percent and that it was bound to be in excess of 1%. I do not accept this and following some calculations done by the Defendants consider that, while there would have been a slightly higher percentage in 2017, that it still remained below 1%. On any view, this is a comparatively tiny number.
80. Mr Edenborough QC also tried to extrapolate from the known number of 95 million monthly "unique visitors" to amazon.com from within the US alone in 2014 that by 2017, when there would have been considerably more such visitors, "the number of monthly unique visitors to amazon.com from the EU are therefore likely to number in

*the millions*". There is no evidential support for this. Mr Mellor QC complained that the Claimants had never really pleaded their case on targeting and so such evidence was not obtained. I have sympathy with that argument but in my view it is fairly clear on the numbers that the volume of traffic from the UK/EU to amazon.com, and in particular to the listings of BHPC products, was very small by comparison with the traffic from within the US.

81. In terms of comparing the number of BHPC products shipped within the US to those shipped to the UK/EU, Mr Campion's witness statement showed that it was 0.01% of US shipments in 2019. He also calculated the average shipping costs in 2018 for BHPC products. This showed that there was a large disparity between domestic shipping costs, whether within the US or the UK and international shipping costs of products sold through amazon.com to the EU. As a percentage of the cost of the BHPC product, domestic US customers paid 2.1% on shipping costs whereas EU customers paid 36.4% of the cost of the product. Fairly obviously, Mr Campion's evidence showed that delivery times were much longer for international than domestic sales.
82. There was no real challenge to these figures. They may be relevant to the question of "*targeting*", dealt with below.

(4) Amazon's Reporting Tools and use made of them by the Claimants

83. The existence and use of Amazon's reporting tools by the Claimants was a bit of a sideshow to the issues that I have to decide. Mr Haddad and the Claimants have maintained throughout a dismissive attitude towards the utility and effectiveness of the reporting tools. The Defendants continue to assert that more cooperation from the Claimants by using the reporting tools would have helped to deal with alleged trade mark infringements as they arrive. They complain that instead of using the reporting tools, the Claimants have been using a watch service to monitor listings on Amazon websites and then using that as evidence in these proceedings rather than working together with Amazon to remove alleged infringements from being listed on the websites.
84. There are two main ways in which intellectual property infringements can be reported to Amazon: (i) the "*Report a Violation*" tool within the Brand Registry system; and (ii) Amazon's Public Notice Form. These are described in great detail in Ms Miller's witness statement.
85. In order to use the "*Report a Violation*" tool, the rights owner has to submit details of their rights and to enrol with Amazon's Brand Registry. If more details are provided, there are automated protection tools that can be deployed to detect suspicious activity and suppress it. To use the "*Report a Violation*" tool, the rights owner can submit specific details about alleged infringements on Amazon websites, in particular the ASINs, and these will then be investigated by Amazon and action taken as necessary to suppress any potential infringements found by Amazon.
86. The Public Notice Form can also be used by rights owners but this is not as efficient as it does not require pre-enrolment in Brand Registry and it is not as user friendly. The Form requires the rights owner to identify their intellectual property, to categorise their complaints, identify the potentially infringing listing and provide contact details.

87. Both tools can only be used in relation to an Amazon website that is in the same jurisdiction as the intellectual property rights that are owned. That certainly restricts the use that could be made of the reporting tools in this sort of case where there is split ownership of the trade mark rights. Thus the Claimants could not use either tool in relation to amazon.com because they do not own the rights in the US. They could have used them to complain about listings on amazon.co.uk and amazon.de (and any other EU websites), including listings on those through Amazon Global Store.
88. The Claimants did not enrol with Brand Registry in the UK or EU and therefore did not use the “*Report a Violation*” tool. They did on occasion use the Public Notice Form, but only until May 2018, and the majority of their complaints were about products bearing the mark “*Santa Monica Polo Club*” and these were initially rejected by Amazon. The only evidence of infringement that was provided was the 37-page judgment of Mr Recorder Douglas Campbell QC in the case of *Lifestyle Equities C.V. and anor v Santa Monica Polo Club Ltd and ors* [2017] EWHC 3313 (Ch) without identifying the sign that they were complaining about. Once those details had been confirmed by the Claimants’ solicitors, Amazon immediately removed around 80 potentially infringing ASINs. The Defendants say that this shows how they can act very quickly if the correct details are provided and there is reasonable cooperation between rights owner and Amazon.
89. Mr Haddad considered Amazon’s reporting tools to be “*cumbersome and time-consuming*” even though he had no personal experience of using them. It is clear that he took a decision from mid-2018 onwards that the reporting tools would no longer be used by the Claimants and that he was not interested in reporting specific listings or blocking sales and that he wanted a blanket ban on all BHPC product listings being visible to UK/EU consumers. While Ms Purcell’s letter of 19 November 2018 set out the restrictions that Amazon was proposing to implement and offered to discuss any further concerns that Mr Haddad had (and this was then attempted at the meeting of 5 December 2018), this was plainly not enough for Mr Haddad and this litigation ensued.

## G. LEGAL ISSUES

90. There are a number of legal issues that arise and I will deal with them in the following order:
- (1) Core principles of trade mark infringement;
  - (2) Use of a sign;
  - (3) Use in the course of trade;
  - (4) Use in the relevant territory; Targeting;
  - (5) CJEU Case C-98/13 *Blomqvist v Rolex SA* [2014] ETMR 25 (*Blomqvist*);
  - (6) “*Counterfeit*” goods;



- (7) Passing Off;
- (8) Joint Liability.

(1) Core principles of trade mark infringement

91. The Claimants own both EU and UK Trade Marks in respect of the BHPC signs. They claim that there has been infringement under both Article 9 of Regulation (EU) 2017/1001 on the European Union Trade Mark (**EUTMR**) and s.10 of the Trade Marks Act 1994 (**the Act**). It was common ground that there is no material difference between Article 9 and s.10, the latter being the implementation in the UK of Directive (EU) 2015/2436. As both parties concentrated on the EUTMR and a number of decisions of the Court of Justice of the European Union (**CJEU**), I shall do likewise after first setting out the material provisions of both.
92. Article 9 of the EUTMR provides (underlining added):

*“Article 9*

**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;
  - (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;
  - (c) the sign is identical with, or similar to, the EU trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to or not similar to those for which the EU trade mark is registered, where the latter has a reputation in the Union and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the EU trade mark.
3. The following, in particular, may be prohibited under paragraph 2:

- (a) affixing the sign to the goods or to the packaging of those goods;
- (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;
- (d) using the sign as a trade or company name or part of a trade or company name;
- (e) using the sign on business papers and in advertising;
- (f) using the sign in comparative advertising in a manner that is contrary to Directive 2006/114/EC.

4. ...”

93. The material parts of s.10 of the Act are as follows (underlining added):

**“10. Infringement of registered trade mark.**

- (1) A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods and services which are identical with those for which it is registered.
- (2) A person infringes a registered trade mark if he uses in the course of trade a sign where because –
  - (a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or
  - (b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.
- (3) A person infringes a registered trade mark if he uses in the course of trade, in relation to goods or services, a sign which –
  - (a) is identical with or similar to the trade mark, where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

(3A)...

- (4) For the purposes of this section a person uses a sign if, in particular, he

–

- (a) affixes it to goods or the packaging thereof;
- (b) offers or exposes goods for sale, puts them on the market or stocks them for those purposes under the sign, or offers or supplies services under the sign;
- (c) imports or exports goods under the sign;
- (ca) uses the sign as a trade or company name or part of a trade or company name;
- (d) uses the sign on business papers or in advertising; and
- (e) uses the sign in comparative advertising in a manner that is contrary to the Business Protection from Misleading Marketing Regulations 2008.

94. The only difference between these is the addition of “*exposes*” goods for sale which has been added to s.10(4)(b) of the Act and does not appear in the corresponding article 9(3)(b) of EUTMR. However nothing turns on that in this case. The critical issue in this case is whether the Defendants have used the signs in the course of trade in the UK/EU.
95. I note in passing that neither article 9(3) nor s.10(4) refer to a sale of goods as being a prohibited use of a sign. When I queried that, Mr Edenborough QC said that the lists of activities that amount to “*use*” are non-exhaustive and that a sale of goods bearing the sign would be a “*paradigm*” case of such “*use*” and therefore infringement. I did not understand Mr Mellor QC to dispute that submission. It remains curious to me that the “*paradigm*” case is not mentioned in either article 9(3) or s.10(4), both of which use the words “*in particular*”, indicating that these would be expected, at least, to include the “*paradigm*” use. It seems to me that the activities listed are really directed at the preliminary stages of a commercial dealing that may or may not end up in a sale. In other words, the sign cannot be used within the relevant territory in order to achieve a sale. Infringement takes place in the steps leading up to a sale and perhaps this was thought to be enough to protect the trade mark owner’s rights. This may be relevant if the only potentially infringing act is a sale of goods without any of the other listed activities having occurred, which may have been the situation in the CJEU Case C-98/13 *Blomqvist v Rolex SA* [2014] ETMR 25 (*Blomqvist*), an important case that is considered in detail below.
96. The Claimants allege infringement under each of articles 9(2)(a), (b) and (c) of the EUTMR and ss.10(1), (2) and (3) of the Act. However the reliance on articles 9(2)(b) and (c) and ss.10(2) and (3) was merely belt and braces as it has always been admitted that the BHPC products about which the Claimants complain are identical to those for which their marks are registered and bear signs identical to their marks. Accordingly, it is only necessary to consider the Claimants’ claims under article 9(2)(a) and s.10(1).
97. It is well established in the authorities that in order to establish infringement under article 9(2)(a) of the EUTMR six conditions must be satisfied – see particularly *Interflora Inc v Marks and Spencer plc* [2014] EWCA Civ 1403; [2015] FSR 10 [67] per Kitchin LJ (as he then was): (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 the trade mark; (v) it must be in relation to goods or services which are identical with those for which the trade mark is registered; and (vi) it must affect or be liable to affect one of the functions of the trade mark.

98. The issues in the present case involve consideration of conditions (i) and (ii). Condition (i) imports two requirements: the alleged infringer must “use” the sign; and that “use” must be within the relevant territory, ie the UK/EU in this case.

(2) Use of a sign

99. As identified above, examples of “use” are set out in article 9(3) of the EUTMR. There is an important overarching principle of EU trade mark law which was explained in Cases C-414/99 to C-416/99 *Zino Davidoff SA v A&G Imports Ltd* [2002] Ch 109 at [33] and [45] that the owner of an EU registered trade mark has the right to control the first marketing in the EU of goods bearing that mark. The corollary is that once goods have been put on the market in the EU by the trade mark owner or with their consent their rights are exhausted. Any goods, even if genuine and manufactured with the consent of the rights owner, that are put on the market in the EU for the first time without the consent of the rights owner are classified as illegal parallel imports and constitute an infringement of trade mark rights.
100. In the context of listings on Amazon websites and operators of online marketplaces, there have been a few cases of relevance in the CJEU, concerning Google, eBay and Amazon. These seem to distinguish between the website operators using the sign for their own commercial communication and merely providing a channel for the third party sellers to make their commercial communication to customers.
101. In Joined Cases C-236/08 to C-238/08 *Google France v Louis Vuitton and ors* [2010] ETMR 30, the CJEU considered Google’s AdWords service whereby advertisers/sellers pay to reserve one or more keywords that would mean that an internet user searching that keyword, or a similar one, would show prominently a “*sponsored link*” to the seller’s website. The CJEU considered whether Google itself, as the provider of the AdWords service, uses a trade mark by allowing the third party seller to reserve a keyword identical to the trade mark, storing the keyword, and displaying the seller’s advertisements on the basis of the keyword. The CJEU held that Google, or a similar internet referencing service provider does not “use” the mark, for the following reasons (underlining added):

“[55] Although it is clear from those factors that the referencing service provider operates ‘in the course of trade’ when it permits advertisers to select, as keywords, signs identical with trade marks, stores those signs and displays its clients’ ads on the basis thereof, it does not follow, however, from those factors that that service provider itself ‘uses’ those signs within the terms of Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94.

[56] In that regard, suffice it to note that the use, by a third party, of a sign identical with, or similar to, the proprietor's trade mark implies, at the very least, that that third party uses the sign in its own commercial communication. A referencing service provider allows its clients to use signs which are identical with, or similar to, trade marks, without itself using those signs."

102. In Case C-324/09 *L'Oréal SA and ors v eBay International AG and ors* [2011] ETMR 52, the CJEU considered listings on eBay, the online marketplace, that included signs that infringed registered trade marks in relation to perfume and cosmetics. The offers for sale that used infringing signs were placed on the website by third party sellers who were the customers of the marketplace operator. The CJEU held at [99]-[103] (underlining added):

"[99] ...it is first necessary to point out that, where sales are made through online marketplaces, the service provided by the operator of the marketplace includes the display, for its customer-sellers, of offers for sale originating from the latter.

[100] Next, when such offers relate to trade-marked goods, signs identical with or similar to trade marks will inevitably be displayed on the website of the operator of the online marketplace.

[101] Although it is true that, in those circumstances, those signs are 'used' on that site, it is none the less not evident that it is the operator of the online marketplace that is 'using' them, within the meaning of Directive 89/104 and Regulation No 40/94.

[102] If a sign identical with, or similar to, the proprietor's trade mark is to be 'used', within the meaning of Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94, by a third party, that implies, at the very least, that that third party uses the sign in its own commercial communication. In so far as that third party provides a service consisting in enabling its customers to display on its website, in the course of their commercial activities such as their offers for sale, signs corresponding to trade marks, it does not itself use those signs within the meaning of that EU legislation (see, to that effect, *Google France* [2010] ETMR 30 at [56] and [57]).

[103] As was stated, inter alia by the United Kingdom Government and the Commission at the hearing and by the Advocate General at points 119 and 120 of his Opinion, it follows that the use of signs identical with or similar to trade marks in offers for sale displayed on an online marketplace is made by the sellers who are customers of the operator of that marketplace and not by that operator itself."

103. In relation to the MFN Export and FBA Export business models, Amazon could be seen as akin to an online marketplace operator like eBay. But it clearly is not such in relation to Amazon Export-Retail or Amazon Global Store where Amazon itself is the seller.

104. Mr Edenborough QC relied quite heavily on the Advocate General’s Opinion in Case C-567/18 *Coty Germany GmbH v Amazon Services Europe Sarl and ors* [2020] ETMR 37 (*Coty Germany*). He did not rely on the CJEU judgment itself because he submitted that the CJEU had been asked a narrow question by the referring Court and so answered it narrowly. By contrast Advocate General Campos Sanchez-Bordona considered matters outside the scope of the reference including in particular services other than warehousing that Amazon had provided to the third party seller.

105. *Coty Germany* concerned the sale of Davidoff perfumes on amazon.de by third party sellers using the Fulfilled by Amazon service as it was operated in Germany. One of the defendant companies, Amazon FC Graben GmbH, provided a warehousing facility in Germany for sellers using the Fulfilled by Amazon service. The amount of perfume at stake was miniscule, about €2,000, but the issue was plainly important. The third party sellers had infringed the Davidoff trade mark by putting their goods on the market in the EU without the consent of the trade mark owner and Coty Germany was contending that the Amazon Defendants were also guilty of infringing the trade mark.

106. The question referred was as follows:

“Does a person who, on behalf of a third party, stores goods which infringe trade mark rights, without having knowledge of that infringement, stock those goods for the purpose of offering them or putting them on the market, if it is not that person himself but rather the third party alone which intends to offer the goods or put them on the market?”

The CJEU answered the question in the negative and decided that the storage of the infringing goods involved no use by Amazon FC Graben of the trade mark (see [42]). The CJEU referred to its earlier decisions in *Google France* and *L’Oreal v eBay* and said at [40]:

“[40] Thus, the court has held, as regards the operation of an e-commerce platform, that the use of signs identical or similar to trade marks in offers for sale displayed in an online marketplace is made by the sellers who are customers of the operator of that marketplace and not by that operator itself...”

107. The CJEU was careful to distinguish the case from one where Amazon itself offered the goods for sale or put them on the market. As the national court had concluded on the facts that it was only the third party seller who intended to offer the goods for sale, the CJEU said that “*It follows that the respondents do not themselves use the sign in their own commercial communication.*” [47]. It continued in [48] as follows:

“[48] That conclusion is, however, without prejudice to the possibility of considering that those parties themselves use the sign in connection with bottles of perfume which they stock not on behalf of third-party sellers but on their own behalf or which, if they were unable to identify the third-party seller, would be offered or put on the market by those parties themselves.”

108. As for the Advocate General’s Opinion, he seems to have undertaken his own analysis of the services provided by various Amazon entities under the Fulfilled by Amazon business model, not limited to the warehousing that was the subject of the reference.

Having set out the functions performed by different Amazon undertakings, he implied that Amazon could thereby have been infringing the trade mark:

“[58] If, in the present case, it were confirmed that the Amazon undertakings provided those services (or at least the most important ones) under the ‘Fulfilment by Amazon’ program, they might be regarded, whether in their capacity as electronic marketplace operator or warehouse keeper, as performing functions in the marketing of the product that go beyond merely creating the technical conditions necessary to enable the sign to be used. Consequently, if that product infringes the trade mark proprietor’s rights, the proprietor’s reaction might legitimately be to prohibit those undertakings from using the sign.

[59] The major role played by the Amazon undertakings in the marketing process cannot be diluted by taking separate account of the activity performed by each of them individually. It would be contrary to economic reality and the principle of equality for storage, order management and the other services provided by those undertakings to be treated in the same way as the services supplied by a mere independent carrier or warehouse keeper under a business model disconnected from any operation in the distribution chain.”

109. Mr Mellor QC, in his closing submissions, objected to the way the Claimants were seeking to deploy the Advocate General’s Opinion and in particular to what was said in paragraph 63.1 of the Claimants’ Written Closing Submissions that an online marketplace provider will:

“...use such signs in its own commercial communications if:

63.1 the activities of the online marketplace provider led to the creation of a link in the mind of the average consumer between the commercial activities of the online marketplace, and the goods in respect of which the sign is used;” (underlining added).”

Mr Mellor QC submitted that the “*creation of a link*” point was wholly new, raised for the first time in closing (it was actually referred to in the Claimants’ Opening submissions at [53.2]), it had not been pleaded and it would require evidence to meet it. It is certainly correct to say this was not pleaded and Mr Edenborough QC accepted that, although he maintained that it did not need to be pleaded. Mr Mellor QC also submitted, in any event, that it was a bad point and that the status of the Advocate General’s Opinion was “*dubious*”. He said that this was, if anything, an issue in relation to accessory or joint liability which is the subject matter of national rather than EU law. The Advocate General had strayed into this area because he was in favour of altering the balance set by the E-commerce Directive, but this was inappropriate as that would clearly be a matter for EU legislation, if anything.

110. I will be dealing with joint liability below. For the purposes of deciding whether Amazon has “*used*” the signs in the course of its trade, I cannot see that the Advocate General’s Opinion, whatever its status, actually supports the Claimants’ contention that the “*creation of a link in the mind of the average consumer*” is the test to be applied. In [40] of the Advocate General’s Opinion he referred to a “*link between the sign and the service provided by the supplier*” but this seems to me to be a somewhat different point.

111. In the context of the FBA Export and MFN Export business models, there will have to be an analysis of the manner by which the Defendants can be said to be using the sign in the course of their trade. There must be a point when the online marketplace provider ceases to be simply a facilitator for sellers and buyers to come together, like eBay, and is actually using the sign for the purposes of its own business. This was expressly recognised in *L’Oreal v eBay* at [89] to [93] where the CJEU referred to the possibility of a “*link [being] established between the sign and the service*” in relation to eBay’s own advertisements for the service that it provides enabling buying of infringing goods via the online marketplace.
112. As for importation, the CJEU has held that this requires the “*introduction of those goods into the Community for the purposes of putting them on the market therein.*” – see Case c-405/03 *Class International BV v Colgate-Palmolive Co and ors* [2006] Ch 154 at [34]. In Case C-772/18 *A v B* [2020] ETMR 39, the CJEU stated as follows:

“[26] Further, a person who makes known his or her address as the place to which the goods concerned are to be shipped, who completes or has completed by an agent the customs clearance of those goods and who releases them for free circulation is importing those goods within the meaning of Article 5(3)(c) of Directive 2008/95.

[27] As regards whether the person concerned can be considered to have himself used a sign identical to a trade mark, although that person was acting in the economic interests of a third party, it must be observed that, in order to identify use in the course of trade, ownership of the goods on which the trade mark is affixed is of no relevance. The Court has held that the fact that an economic operator uses a sign corresponding to a trade mark in relation to goods which are not his own goods — in the sense that he does not have title to them — does not in itself prevent that use from falling within the scope of Article 5(1) of Directive 2008/95 (see, to that effect, judgment of 12 July 2011, *L’Oréal and Others*, C-324/09, EU:C:2011:474, paragraph 91).

[28] The fact that a person has imported and released for free circulation such goods justifies in itself a finding that that person has acted in the course of trade, there being no need to examine subsequent dealings with those goods, whether, for example, they have been stored by the importer or put on the market within the European Union or exported to non-Member countries.

As is clear from [27], actual ownership of the goods in question is not necessary or even perhaps relevant for the purpose of determining whether the person in question has used a sign in the course of trade.

(3) Use in the course of trade



113. So turning to the question of “*use in the course of trade*”, which must occur in the UK/EU, this requirement distinguishes between commercial and private activity and communications. The CJEU has held in Case C-2016/01 *Arsenal Football Club plc v Reed* [2003] Ch 454 at [40]: “*the use of the sign identical to the mark is indeed use in the course of trade, since it takes place in the context of commercial activity with a view to economic advantage and not as a private matter*”.
114. The *A v B* case (supra) also illustrates the distinction clearly. An individual in Finland received a consignment of ball bearings weighing 710kg, generally used in heavy industry and bearing a registered trade mark INA. The consignment cleared customs and had been delivered to the individual’s home. A few weeks later they were delivered on to a third party to be exported to Russia. The individual received as remuneration a carton of cigarettes and a bottle of brandy. Criminal proceedings for trade mark infringement were brought against the individual and the Court of Appeal of Helsinki ruled that he had not used the mark in the course of trade because there was no economic exploitation of the goods by him and his remuneration was just for the storage of the goods. The CJEU disagreed. I have referred above to their statements in relation to what constitutes importation. In relation to “*use in the course of trade*” the CJEU said as follows:
- “[22] First, it must be observed that the question whether the conditions laid down in Article 5(1) of Directive 2008/95 are satisfied must be determined solely on the basis of objective factors.
- [23] In that regard, the expression ‘use in the course of trade’, to be found in that provision, entails that the exclusive rights conferred by a trade mark may, as a rule, be relied on by the proprietor of that trade mark only as against economic operators and, consequently, only in the context of a trading business (see, to that effect, judgment of 12 July 2011, *L’Oréal SA v eBay International AG* (C-324/09), EU:C:2011:474 at [54]). Further, if the transactions carried out, by reason of their volume, their frequency or other characteristics, go beyond the scope of a private activity, whoever carries out those transactions will be acting in the course of trade (judgment of 12 July 2011, *L’Oréal SA v eBay International AG* (C-324/09) EU:C:2011:474 at [55]).
- [24] In this case, it is clear from the information available to the court that the goods at issue in the main proceedings are ball bearings weighing, in total, 710kg, generally used in heavy industry.
- [25] Accordingly, since those goods, having regard to their nature and their volume, are manifestly not intended for private use, the relevant transactions must be considered to fall within the scope of a trading business, though that is a matter to be determined by the referring court.”
115. In this case, customers in the UK/EU potentially buying BHPC products through Amazon are acting in a private capacity and not engaging in commercial activity. Mr Mellor QC submitted that a relevant indicator of whether someone is acting in a commercial or private capacity is the volume of goods that they are handling or dealing in. This is supported by *A v B* and is clearly a relevant factor in determining whether there has been use in the course of trade. As will be seen in the *Blomqvist* case, the purchase in Denmark of the counterfeit Rolex watch was by an individual

who was not engaging in any commercial activity himself in relation to the watch. Mr Mellor QC says that the Customs Regulation and the EUTMR are all directed at commercial quantities of goods being brought into the EU, and not individual items clearly intended for private use. While large quantities of goods being in issue clearly indicates that they are being brought in for commercial purposes, the *Blomqvist* case itself indicates perhaps that “*use in the course of trade*” can be established in relation to a single item.

116. It is important, however, to stay focused on the actual question, namely whether any one or more of the Defendants were using the sign in the course of trade in the UK/EU by conducting the activities relied upon.

(4) Use in the relevant territory; the concept of targeting

117. It is now necessary to deal with the main legal issue in this case: whether the use of a sign on the internet constitutes the use of a sign in the relevant territory. While the CJEU has developed the concept of “*targeting*”, the reason for it having done so should be kept well in mind. It was because of the inherently territorial limits of trade mark protection and to ensure that such protection does not extend beyond those territorial boundaries. The internet does not respect individual territories and is global and websites can be accessed from anywhere in the world. While trade mark owners are entitled to protect their rights within the territories where they are registered, there obviously needed to be some way in which a measure of protection could be provided where the alleged infringing use takes place on the internet from outside of the territory. This is where “*targeting*” came in but its limits were succinctly explained by Floyd LJ in *Argos Ltd v Argos Systems Inc.* [2018] EWCA Civ 2211 at [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 United Kingdom should not have their dealings subjected to the trade mark law of the United Kingdom. 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.”

118. “*Targeting*” in trade mark law is thought to originate from the non-trade mark case of Joined Cases C-585/08 *Pammer v Reederei Karl Schluter GmbH & Co* and C-144/09 *Hotel Alpenhog GesmbH v Heller* [2012] Bus LR 972 (*Pammer*). In *Pammer* the CJEU considered the relevant criteria for determining whether a trader’s activities as presented on its website should be considered to be “*directed*” at a consumer in a Member State of the EU within the meaning of article 15(1)(c) of the Brussels I Regulation (recognition and enforcement of judgments in civil and commercial matters). Article 15(1)(c) expressly refers to whether the trader “*directs such activities to that Member State*” so the CJEU was not establishing a new concept of targeting; rather it was interpreting article 15(1)(c). But what it said about that has influenced

the development of the concept in trade mark law. At [93] and [94] the CJEU said as follows:

“[93] 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.

[94] On the other hand, the mere accessibility of the trader's or the intermediary's website in the Member State in which the consumer is domiciled is insufficient. The same is true of mention of an email address and of other contact details, or of use of a language or a currency which are the language and/or currency generally used in the Member State in which the trader is established.”

119. In the context of trade mark infringement, the principles of *Pammer* were first applied in *L’Oreal v eBay* (supra) in which in particular the point in [94] as to mere accessibility of the website not being enough was picked up. The CJEU emphasised that mere accessibility is insufficient to establish jurisdiction and introduced the word “*targeted*” as the basis for distinguishing mere accessibility from a more substantial connection with the territory:

“[64] It must, however, be made clear 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 displayed there are targeted at consumers in that territory (see, by analogy, *Pammer v Reederei Karl Schluter GmbH & Co KG* (C-585/08), [ ] at [69]). Indeed, if the fact that an online marketplace is accessible from that territory were sufficient for the advertisements displayed there to be within the scope of Directive 89/104 and Regulation No 40/94, websites and advertisements which, although obviously targeted solely at consumers in third States, are nevertheless technically accessible from EU territory would wrongly be subject to EU law.” (underlining added).

The CJEU concluded that eBay’s website [www.ebay.co.uk](http://www.ebay.co.uk) was targeted at consumers in the UK. Similarly, the Defendants have accepted that [amazon.co.uk](http://amazon.co.uk) is targeted at UK consumers.

120. A useful review and summary of the law on targeting was provided by Kitchin LJ (as he then was) in *Merck KGAA v. Merck Sharp & Dohme Corp and ors* [2017] EWCA

Civ 1834 (*Merck*). This followed the first instance decision (Mr Richard Spearman QC, sitting as a deputy High Court Judge) in *Argos Ltd v Argos Systems Inc* [2017] EWHC 231 (Ch) (*Argos*) in which the relevance of the subjective intention of the operator of the website to targeting was considered. Kitchin LJ said as follows:

[165] One of the issues which arose for consideration in *Argos* was the relevance of the subjective intention of an operator of a website in one territory in assessing whether its internet activity is targeted at the consumers in another territory, in particular the UK. The deputy judge held and 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 be difficult to infer that this intention has been or is likely to be effective (see, by analogy, *Slazenger v Feltham* (1886) 6 R.P.C. 531 at p.536, per Lindley LJ).

[166] The general principles which emerge from these decisions of the Court of Justice are conveniently considered by reference to an advertisement of goods and may be summarised 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.”

121. The appeal in *Argos* [2018] EWCA Civ 2211 was heard after the *Merck* appeal and the question of intention was again considered. *Argos* was a case between the well known UK based retailer, which operated the site [www.argos.co.uk](http://www.argos.co.uk) and Argos Systems Inc, a Delaware company that operated a completely unrelated US business of computer aided design systems for the design and construction of residential and commercial properties. Argos Inc owned the domain name [www.argos.com](http://www.argos.com). When it realised that a lot of UK customers were landing on its website mistakenly, it decided to try to monetise this misdirected traffic. It established two landing pages: one for its US customers to whom the US business was explained; but for UK customers it included relevant UK advertisements acquired through the Google AdSense program. For everyone that landed on the page, Argos Inc earned money from Google. In seven years, Argos Inc earned over \$100,000, merely from the misdirected traffic. The claim was brought under articles 9(1)(a) and (c) of EUTMR and for passing off, principally on the basis of taking unfair advantage of the reputation of Argos UK. There was a point on targeting and the Court of Appeal overturned the first instance judgment in that respect.
122. After quoting the above paragraphs from the *Merck* decision, Floyd LJ (with whom Lord Kitchin and Sir Colin Rimer agreed) qualified the principles enunciated in *Merck* in relation to the relevance of subjective intention and the role of the average consumer. He said as follows:
- “[51] These passages 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 *Merck* [2018] E.T.M.R. 10 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 United Kingdom. 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.”
123. Floyd LJ seems to be saying that the test of whether an advertisement is targeted is partially looked at from the perspective of the average consumer and the extent to which it is will depend on the particular facts of the case. The subjective intention of the website operator may also be a relevant factor in considering that question. There is certainly tension, it seems to me, from these authorities, as the average consumer would not know necessarily what the subjective intention of the website operator or

advertiser was; nor would they know some of the relevant factors that were listed in [93] of *Pammer*, for example. The other factors referred to in the fourth principle of Kitchin LJ in [170] of *Merck* (eg the size of the trader's business, number of visits made to the website) cannot be known by the average consumer yet "*targeting is to be considered objectively from the perspective of average consumers in the UK*" according to the third principle in [169].

124. While targeting has become the accepted method by which jurisdiction is established over a foreign use of a sign, it should be borne in mind that the word "*targeting*" does not appear in the legislation; furthermore it was derived from the CJEU's consideration of the meaning of "*directed*" in a case not concerned with trade mark infringement (*Pammer*). This court and the Court of Appeal have introduced the average consumer test as the means by which targeting is to be established (the CJEU have not, so far as I am aware, adopted the average consumer test for this purpose). To my mind, targeting imports the notion of taking deliberate aim at something and is quite specific. The fact that such a concept has been adopted suggests a recognition that trade mark jurisdiction should not extend beyond its territorial boundaries unless the alleged infringement is so closely connected to the territory in that the territory has been specifically targeted. Going back to the actual words of the EUTMR and the Act, I have to decide whether, in all the circumstances, the Defendants have "*used the sign*" in the UK/EU.
125. An interesting case on targeting that Mr Mellor QC referred me to is *Stichting BDO v BDO Unibank, Inc* [2013] EWHC 418 (Ch) (**BDO**), a decision of Arnold J (as he then was). The claimants were the well known accountancy and professional services firm trading under the name "*BDO*" which was a registered EU trade mark. The first defendant was a leading Filipino bank. This was a print advertisement case, not a website case, but the same principle of targeting applied, as Arnold J found. The bank advertised its services in various publications such as *Euromoney*, *The Banker*, *Global Finance*, the *Daily Telegraph* and *USA Today International Edition*. Arnold J considered the nature of the publications, their circulation figures within the UK and EU, and various other factors about the content of the advertisements in order to determine whether they were targeted at EU consumers. He found that some were and some were not. For example:
- (1) *The Banker* had a worldwide circulation of 29,947 of which 5,778 was in the UK. Arnold J found that all 3 publications of the advertisement in the *Banker* were not targeted at EU consumers;
  - (2) *Euromoney* had a worldwide circulation of 25,343 of which 5,844 were circulated in the UK and 13,430 in Europe. Arnold J held that 2 of the 11 publications were targeted at EU consumers, but the other 9 were not. Even though *Euromoney* "*is predominantly targeted at European readers*" (see [124]) he found that the particular advertisements were not.
  - (3) The *Daily Telegraph* obviously predominantly circulates in the UK and the particular advertisement was in a special Philippines Supplement produced to coincide with a state visit of the President of the Philippines to the UK. Arnold J held that this was targeted at the consumers in the UK and the EU.

126. The *BDO* case therefore shows that circulation figures, viewing figures, volume of traffic are all relevant factors in determining whether there has been targeting. These would obviously not be known by the average consumer. The test cannot be limited to the average consumer and all the circumstances must be looked at and assessed to see if there has been use of the sign in the relevant territory.
127. While there was a broad measure of agreement between the parties as to the law on targeting, there was divergent focus on the relevant factors. Thus Mr Edenborough QC concentrated far more on the perspective of the average consumer – “*is this website targeted at me?*” – whereas Mr Mellor QC preferred to look also at the data in relation to volume of traffic etc. from the UK/EU to amazon.com and in respect of the BHPC listings. While he acknowledged, as he was bound to, that it is necessary to look at the average consumer’s perception of targeting, Mr Mellor QC submitted that the test is broader than that and account has to be taken of all relevant circumstances including the data and the subjective intent of Amazon. On the authorities that I have referred to, I think that he is right to adopt that approach and I propose to do the same when I come to consider the application of the law to the facts of this case.

(5) The case of *Blomqvist*

128. Assuming that the Defendants are correct on targeting and there was no such targeting of UK/EU consumers from amazon.com or by the BHPC listings on amazon.com, the troublesome decision of the CJEU in *Blomqvist* (supra) may enable the Claimants to say that the sales themselves of BHPC products establish use of the sign in the UK/EU. Although much time was expended on *Blomqvist*, it seems to me that actually its relevance to the issues in this case is now marginal. Mr Edenborough QC accepted that it is only relevant to alleged historical infringements because the restrictions in place prevent there being any sales of BHPC products from the US to the UK/EU via any of the business models. Whether visibility of such products on amazon.com is an infringing use of the sign by any of the Defendants is not resolved by *Blomqvist* which is confined to the narrow effect of a sale of a counterfeit watch to a consumer in Denmark. I do understand however that there may be wider implications if *Blomqvist* is found to be applicable.
129. It was perhaps for that reason that I received a note from Mr Mellor QC and Mr Keay on the day before the trial began that suggested that, in the light of the positions adopted in the parties’ Opening Skeleton Arguments, the Court may wish to refer the matter to the CJEU on the basis that *Blomqvist* did not clearly answer the question in relation to “*use in the course of trade*” in a trade mark context. Mr Mellor QC submitted that EU law is not *acte clair* as a result of *Blomqvist* and this would therefore require a reference. Whether this is correct or not, and Mr Edenborough QC said that it was not, a major obstacle in the way of such a reference was the departure of the UK from the EU at 11pm on 31 December 2020, which was only 2 weeks after the end of the trial, with Christmas in between. Not only was it going to be physically impossible for this judgment to be handed down before Christmas (which would have been necessary to put in place the steps required to be taken to make a reference) but also it seemed to me to be somewhat inconsistent with the UK Government’s policy of Brexit (together with the intention of Parliament) to rush a judgment out in order to make a last minute reference to the CJEU. The removal of the jurisdiction of the CJEU seems to have been a non-negotiable part of the Government’s plan to deliver

Brexit and the UK courts will possibly now have to develop their own jurisprudence in relation to areas such as trade mark law. For now however, *Blomqvist* does still bind this Court following Brexit and it is therefore necessary to understand its true ambit and effect.

130. In January 2010, Mr Blomqvist in Denmark ordered a Rolex watch (which was admitted to be counterfeit) from a Chinese online shop. The order was placed and paid for through the English language website of the seller. The seller sent the watch by post to Mr Blomqvist from Hong Kong. Danish Customs suspended the customs clearance of the watch because they suspected that it was counterfeit. They informed Mr Blomqvist and Rolex but, as Mr Blomqvist refused to consent to the destruction of the watch, Rolex brought an action seeking destruction of the watch. The Danish court at first instance granted Rolex's claim but the appeal court in Denmark decided to refer the matter to the CJEU. While it was clear that, as Mr Blomqvist had bought the watch for his own personal use, he had not infringed Rolex's intellectual property rights, the appeal court was uncertain if the seller had infringed Danish copyright or trade mark law. More particularly, it sought the CJEU's interpretation of "*distribution to the public*" in article 4(1) of the Copyright Directive 2001/29 and of "*use in the course of trade*" in article 5(1) of the 2008 Trade Mark Directive 2008/95 and articles 9(1) and (2) of the Community Trade Mark Regulation 207/2009 (the predecessor of the EUTMR) where there was a sale to a purchaser in a Member State but where there was no prior offer for sale or advertisement targeted by the seller at consumers in the State in question.
131. The case was also concerned with the interpretation of the then current Customs Regulation 1383/2003 and in particular whether an infringement of copyright or trade mark was required as a condition of the application of the provisions concerned with preventing release for free circulation and destruction of "*counterfeit goods*". The fact that the context was the powers of customs authorities to seize and destroy counterfeit goods before they even enter the territory is important because the CJEU would be rightly concerned that such powers should be able to be exercised in relation to admittedly counterfeit goods. Indeed that is the purpose of the Customs Regulation as set out in its title providing for: "*customs action against goods suspected of infringing certain intellectual property rights and for measures to be taken against goods found to have infringed such rights.*"
132. In relation to the Customs Regulation, the CJEU concluded that it only covers infringements of either EU or national intellectual property rights. Accordingly such an infringement needed to be established for the customs authorities to have the powers that they sought to exercise. There was no new criterion for establishing this in the Customs Regulation. Therefore as the CJEU stated in [25]:
- "Such an infringement can, therefore be relied on to justify action by the customs authorities under that regulation only if **the sale** of the goods concerned is liable to affect the rights conferred under the conditions laid down by the copyright directive, the trade mark directive and the Community trade mark regulation."

Mr Mellor QC submitted that the reference to "*the sale*" was critical to the reasoning of the CJEU. It also appears in the quote below.



133. The CJEU reformulated the questions that it preferred to answer in [26]:

“In those circumstances 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 a form of distribution to the public or 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.”

134. After uncontroversially stating that a sale within the territory of a Member State would be both a “*form of distribution to the public*” for copyright law purposes and a “*use in the course of trade*” for the purposes of trade mark law (thus confirming Mr Edenborough QC’s submissions that a sale is an example of a “*use of a sign*”), the CJEU then turned to the issue in hand, namely whether Rolex could claim the same protection if “*the goods at issue were sold from an online sales website in a non-member country on whose territory that protection is not applicable*” [30]. The CJEU first restated the principle established in *L’Oreal v eBay* that mere accessibility of a website from the territory covered by the trade mark “*is not a sufficient basis for concluding that the offers for sale displayed there are targeted at consumers in that territory*”.

135. In determining the main issue, the CJEU relied heavily on Joined Cases C-446/09 *Philips v Lucheng* and C-495/09 *Nokia v HMRC* [2012] ETMR 13 (*Philips*). These were very different cases as they concerned large consignments of goods such as mobile phones that were said to be in transit through the EU but had been held by customs authorities in a suspensive procedure. The goods were being held because it was suspected that they would be fraudulently diverted into the EU from their stated route. If that suspicion was correct, then the goods would be put in free circulation within the EU which would be a clear infringement of the trade mark rights. The CJEU said as follows (underlining added):

“[57] On the other hand, those rights may be infringed where, during their placement under a suspensive procedure in the customs territory of the European Union, or even before their arrival in that territory, goods coming from non-member States are the subject of a commercial act directed at European Union consumers, such as a sale, offer for sale or advertising (see *Class International*, paragraph 61, and Case C-324/09 *L’Oréal and Others* [2011] ECR I-0000, paragraph 67).

[58] Having regard to the risk, previously pointed out by the Court in Case C-383/98 *Polo/Lauren* [2000] ECR I-2519, paragraph 34, of fraudulent diversion to European Union consumers of goods warehoused in the customs territory of the European Union or transiting that territory, it must

be stated that, in addition to the existence of a commercial act already directed to those consumers, other circumstances can also lead to temporary detention by the customs authorities of the Member States of imitations or copies which are declared under a suspensive procedure.

[59] As the French, Italian and Polish Governments have pointed out, the placing of goods from a non-member State under a suspensive procedure is often requested in circumstances where the destination of the goods is either unknown or declared in a manner which is unreliable. Having regard, in addition, to the secretive nature of the activities of traffickers of goods which are imitations or copies, the detention by customs authorities of goods which they have identified as being imitations or copies cannot, without reducing the effectiveness of Regulations No 3295/94 and No 1383/2003, be made subject to a requirement for proof that those goods have already been sold, offered for sale or advertised to European Union consumers.

[60] On the contrary, a customs authority which has established the presence in warehousing or in transit of goods which are an imitation or a copy of a product protected in the European Union by an intellectual property right can legitimately act when there are indications before it that one or more of the operators involved in the manufacture, consignment or distribution of the goods, while not having yet begun to direct the goods towards European Union consumers, are about to do so or are disguising their commercial intentions.”

136. The *dispositif* in *Philips* is at [78] and the relevant one relied on by the CJEU in *Blomqvist* is the second sub-paragraph which states as follows:

“those goods may, on the other hand, infringe the right in question and therefore 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, or where it is apparent from documents or correspondence concerning the goods that their diversion to European Union consumers is envisaged”

Hence the sale to a customer in the EU may be the “*proof*” that the goods are intended to be put on the market in the EU.

137. Paragraphs [57] and [78] of *Philips* were relied on in *Blomqvist* and the CJEU’s full reasoning is set out below (underlining added):

“[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 (see to that effect, *Philips* [57] and the case law cited).

[33] Thus, goods coming from a non-Member State which are imitations of goods protected in the European Union by a trade mark right or copies of goods protected in the European Union by copyright, a related right or a design 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 (see, to that effect, *Philips* at [78]).

[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.”

138. There is no analysis of the seller’s alleged use of the sign in the course of trade within the EU. Both “*distribution to the public*” for the purposes of copyright infringement and “*use in the course of trade*” for trade mark infringement are dealt with together as though there is the same test applicable. There was no actual interpretation of the meaning of “*use in the course of trade*”. The CJEU was only really interpreting the Customs Regulation so as to allow the authorities to destroy counterfeit goods that had been sold to a consumer in the EU. That was a perfectly understandable objective.
139. But I do have some difficulty in understanding the reasoning of the CJEU and the way it applied *Philips*. The issue in *Philips* was about whether the alleged “*traffickers*” intended to divert the goods into the EU so as to put them on the market there and the court was looking for some proof that that was indeed their intention. The reference in [57] to a “*commercial act directed at European Union consumers, such as a sale, offer for sale or advertising*” is to what needs to be shown in order to prove their fraudulent intention – see [78]. That is accurately recorded in [33] of *Blomqvist*. But the effect of that is that the sale itself is not the infringing act; it is merely the proof of the fraudulent intent to divert the goods into the EU. The CJEU however elevated the sale to the infringing act in [34] and [35] of *Blomqvist* without explaining why it should be regarded as having taken place in the EU or why it constitutes the “*use*” of the sign by the foreign seller within the EU. The other commercial acts identified in [57] of *Philips* and [33] of *Blomqvist*, an offer for sale or advertising, would clearly have to be targeted at EU consumers to be relevant.

140. Mr Edenborough QC submitted that *Blomqvist* is authority for the proposition that sales of goods to EU consumers prior to their importation into the EU are acts of trade mark infringement. He says that therefore if BHPC products have been sold through Amazon Export-Retail to consumers in the UK/EU that is an infringement even if amazon.com does not target UK/EU consumers and even if the sale legally takes place outside the EU.
141. Mr Mellor QC submitted that *Blomqvist* does not establish that merely the purchase by a private individual in the EU involves a “*use in the course of trade*” by the seller. In particular he points out that the CJEU had no information about the circumstances of the sale and it did not engage with the fact that this was a purchase by a private individual for his own personal use (unlike, for example, the situation in *Philips*).
142. Mr Mellor QC also submitted that it was significant that *Blomqvist* has hardly been referred to in later authorities by the CJEU – there were only two where it had been: in the Advocate General’s Opinion in C-572/17 *Syed*; and in C-516/13, *Dimensione Direct Sales* which was a case concerning intra-EU advertising. More significantly, it was not referred to in *A v B* (supra), in which the CJEU was specifically considering “*use in the course of trade*” all of which indicates that it did not consider that it had been dealing with that question in *Blomqvist*. Mr Mellor QC also referred me to the Danish Supreme Court’s decision in *Blomqvist* [2014] ETMR 38 which was after the CJEU decision and after the matter had been referred back to the national court. That court was obviously bound to follow the CJEU’s decision but it does interestingly refer to the point that a sale from outside the EU to a customer in the EU would be “*proof*” that the goods are “*brought into circulation in the [EU]*” – see para [8].
143. Mr Edenborough QC countered this by referring to paragraphs [16-023] and [28-075] of *Kerly* on the *Law of Trade Marks*, 16<sup>th</sup> Edition where *Blomqvist* is cited:

“Where goods bearing a sign are sold from a website situated outside the territory of the EU but are delivered to a customer within a Member State, the sign is used within the Member State even if the goods have not been the subject, prior to the sale, of an offer for sale or advertising targeting consumers of that state (see *Blomqvist v Rolex SA*). Although such use has been held to constitute infringement, where there has been no offer for sale or advertising targeting consumers within the jurisdiction, the scope of injunctive relief is presumably limited to an order preventing the fulfilment of orders from customers within the jurisdiction.”

Mr Edenborough QC also referred to *Cartier v BskyB* [2015] ETMR 1 at [144] to [146] but in those paragraphs, Arnold J (as he then was) only cited *Blomqvist* in passing without any analysis of its reasoning.

144. After this long exegesis of *Blomqvist* I come to the conclusion that it cannot stand as authority for Mr Edenborough QC’s proposition. If the proposition is correct it would mean that the EU is exercising a very long-arm jurisdiction over, in that case, a Chinese online seller which seems unjustified and contrary to the territorial nature of trade mark rights. If it was intending to assume such jurisdiction, I would have

expected to see some justification for that in its reasoning. I would also have expected there to have been more reliance on *Blomqvist* in later cases and in commentary if the CJEU was really taking such a radical step and so broadening a trade mark owner's strictly territorial rights.

145. Instead, the real basis for the decision must be that either the sale of the counterfeit watch was considered to have taken place in Denmark or that in some way it was intended to be put on sale in the EU (as in *Philips*). As stated above, there were no details provided by the referring court as to the circumstances surrounding the sale and therefore there was no evidence that it had actually taken effect outside the EU. If it had, there would have been no use of the sign within the EU and no other infringing acts were relied upon. The uncertainty around the facts of the sale enabled the CJEU and the Danish Supreme Court to conclude that there was a sale within the EU or that it was intended to be put on sale in the EU. As such, in the end, the decision is conventional and unremarkable.
146. Mr Mellor QC provided some helpful analogies of a consumer in the UK/EU purchasing products in the US bearing a trade mark that is identical to one registered to a different owner in the UK/EU. If such an individual was physically in the US and purchased such goods and brought them home in their luggage, there could be no trade mark infringement. The same would apply if they asked the store to ship the goods to their address in the UK/EU. If the individual rang a physical store in the US from home and bought the goods which were then shipped to the UK/EU, there would be no trade mark infringement. On the basis of these analogous situations, it is difficult to see why the fact that something is bought from an online seller who is not targeting the UK/EU should be any different in terms of trade mark infringement. If the sale takes place wholly outside the UK/EU and the only connection with the UK/EU is that the private individual who purchases the product for personal use is within the UK/EU and it is to be delivered there, there is no relevant “*use*” of the sign within the UK/EU.
147. Accordingly, I do not see that *Blomqvist* was so radically changing trade mark law so as to extend jurisdiction far beyond the EU's borders. I believe that this was recognised in the agreed List of Issues where the issue directed at the impact of *Blomqvist* is: “*whether the sale of the product took place in the UK/EU and/or whether the product was put on the market in the UK/EU*”. That assumes, in my view, that my conclusion in relation to *Blomqvist* is correct. Sales of goods that take place outside the UK/EU but to consumers in the UK/EU, and which are not preceded by targeted offers for sale or advertisements and whether or not they are from an online seller, are not in themselves “*use in the course of trade*” within the UK/EU and do not constitute infringements of UK/EU trade marks.

(6) “*Counterfeit*” goods

148. A further distinguishing feature of *Blomqvist*, say the Defendants, is that the Rolex watch was admittedly “*counterfeit*” within the meaning of the Customs Regulation, where it is a defined term. By contrast, it is not a term that is defined in EUTMR or the Act and it seems to me that it is not particularly relevant to any issues that I have

to decide. Nevertheless both parties became quite exercised about this, with the Claimants and in particular Mr Haddad, insisting on describing BHPC products bought from the US or listed on amazon.com as shippable to the UK/EU as “*counterfeit*” and the Defendants strongly objecting to this characterisation. The Defendants say that this was done to try more closely to align the case with *Blomqvist* and to cast Amazon as a “*counterfeiter*” to damage its reputation and put pressure on it to concede the case. The Defendants therefore ask for it to be clearly held that the allegation should never have been made.

149. The Claimants went so far as to say in paragraph [2] of their Opening Skeleton Argument that “*this is a case about counterfeiting – the use of an identical mark on identical goods by a party that has no right to do that in the jurisdiction.*” In support of this, they referred to the definition in the Customs Regulation and in the TRIPS Agreement – the Agreement on Trade-Related Aspects of Intellectual Property Rights between all member nations of the World Trade Organisation. But neither is relevant to the issues before me.
150. The old Customs Regulation was considered in *Blomqvist*. There was no dispute in that case that the Rolex watch was both “*counterfeit*” within the meaning of the Regulation and in the ordinary sense of the word, ie a fake. There is no point in this case referring to the new Customs Regulation (EU) No 608/2013 definition of “*counterfeit goods*” (article 2(5)(a)) or the exclusion for parallel imports (article 1.5) in order to prove that this case is about “*counterfeiting*” as it is not relevant to whether there has been an infringing act within the UK/EU. The only reason for the Claimants’ framing of their case in those terms is to make it look as though Amazon is knowingly allowing illegal fake goods to be traded and sold on its websites. As I have said above, Mr Haddad was criticised for this in the *SportsDirect* case, and I criticise him and the Claimants for doing the same again in this case.
151. There is no way that the counterfeit Rolex watch in *Blomqvist* can be equated with BHPC products legitimately being listed on amazon.com. The debate around the Customs Regulation concerned principally whether such products were excluded from it because they were “*manufactured with the consent of the right-holder*”. Clearly they were manufactured with the consent of the US right-holder, Mr Haddad’s brothers, as Mr Haddad himself accepted in cross examination. But the Claimants say that it must be with the consent of the right-holder of the relevant trade mark, namely themselves. There was also a question of whether the Claimants had consented to such manufacture in the agreement between Mr Haddad and his brothers in 2008 that dealt with the splitting of the business and trade mark rights between them. However such agreement was not in evidence before me.
152. As I have made clear I do not need to resolve these issues for the purpose of deciding this case and I do not do so. I think it has been unnecessary and unhelpful for the matter to have been presented in this way.

(7) Passing Off

153. As I said at the beginning of this judgment, the Claimants also rely on passing off in the alternative. The principles of passing off are well-established: (i) goodwill

attaching to the goods in the minds of the relevant public by association with an identifying sign or brand name; (ii) an operative misrepresentation as to the origin of the goods, leading the public to believe that they are the goods of the claimant; and (iii) loss and damage as a result of the misrepresentation.

154. Because the Defendants did not admit that such goodwill existed in favour of the Claimants, they were put to proof of this and adduced a lot of evidence in such respect. It was only on 30 November 2020, shortly before the trial, that the Defendants conceded the point and the evidence did not need to be considered at the trial. This was even more unfortunate in that it turned out that there was no need to rely on passing off at all. The Defendants submitted and the Claimants accepted that passing off does not add anything to the main claim of trade mark infringement and that its success was dependent on the Claimants succeeding on the main claim. Accordingly it was not pursued and I do not need to consider it further.

#### (8) Joint Liability

155. The Claimants do however pursue their pleaded claims in respect of the alleged joint and several liability of the Defendants. They also allege joint liability with the “*purchasers and/or shippers of such goods*” on the basis of the principle of “*common design*”. In his Closing Submissions, Mr Edenborough QC added a further allegation that the Defendants, or one or more of them, are jointly liable with the sellers of the goods through the FBA Export and MFN Export business models. This does not seem to me to have been pleaded.
156. The law relating to joint tortfeasance by common design was not in dispute. It has recently been considered by the Supreme Court in *Sea Shepherd UK v Fish & Fish Limited* [2015] UKSC 10; [2015] AC 1229. In that case, the Supreme Court Justices were divided on the application of the law to the particular facts of the case, but were agreed on the underlying legal principles of joint liability by common design. They all warned that this type of tortious liability is very fact sensitive and therefore the principles can only be stated in general terms to allow for the different facts to which they would be applied. Lord Neuberger at [55] formulated the principles into three:

“ ... three conditions must be satisfied. First, the defendant must have assisted the commission of an act by the primary tortfeasor; secondly, the assistance must have been pursuant to a common design on the part of the defendant and the primary tortfeasor that the act be committed; and, thirdly, the act must constitute a tort as against the claimant.”

This is essentially the same formulation as that of Lord Toulson at [21] and Lord Sumption at [37]. Lord Sumption also set out in [41] the following statement of the law by Lord Templeman in *CBS Songs Limited v Amstrad Consumer Electronics plc* [1988] AC 1013, at 1057B-C:

“My Lords, joint infringers are two or more persons who act in concert with one another pursuant to a common design in the infringement. In the present case there was no common design. Amstrad sold a machine and the purchaser

or operator of the machine decided the purpose for which the machine should from time to time be used. The machine was capable of being used for lawful or unlawful purposes. All recording machines and many other machines are capable of being used for unlawful purposes but manufacturers and retailers are not joint infringers if purchasers choose to break the law. Since Amstrad did not make or authorise other persons to make a record embodying a recording in which copyright subsisted, Amstrad did not entrench upon the exclusive rights granted by the Act of 1956 to copyright owners and Amstrad were not in breach of the duties imposed by the Act.”

157. It seems obvious that all of the alleged joint tortfeasors have to have committed the infringement for there to be joint liability. However the Claimants suggested that the Defendants or one or more of them could be jointly liable with a private person, such as the purchaser of goods through Amazon, even if the purchaser is not themselves liable for infringement because they are only acting in a personal capacity. Mr Edenborough QC relied on *Rotocrop International Ltd v Genbourne Ltd* [1982] FSR 241 for this proposition but, in that case, Graham J appeared to consider that the private individuals were liable for infringement. At p.259, he said (underlining added):

By virtue of these actions, in my judgment, the defendants are joint tortfeasors with their customers who erect and use their bins in accordance with the defendants' instructions. When a customer does so and makes compost, as he is told to do, he is in my judgment a joint tortfeasor with the defendants and they are similarly joint tortfeasors with him. Both have a common design within the meaning of *The Koursk* [1924] P. 140 and *Morton-Norwich Products v. Intercen Limited* [1978] R.P.C. 501, respectively.

158. I find the Claimants' case on joint liability a little hard to follow on the facts but I will deal with it after considering whether there is any primary liability after applying the legal principles set out above to the facts.

## **H. APPLICATION OF THE LEGAL PRINCIPLES TO THE FACTS**

159. According to the agreed List of Issues (see paragraph [38] above) there are four issues in relation to the Defendants' alleged liability:

- (1) whether the listing of the product is targeted at the UK/EU and whether the listing is an offer for sale or advertisement in the UK/EU;
- (2) whether the sale of the product took place in the UK/EU and/or whether the product was put on the market in the UK/EU
- (3) whether any of the Defendants are responsible for importation of the product into the UK/EU, and if so, which;



- (4) only in relation to FBA Export and MFN Export, whether any of the Defendants have used any of the relevant signs.

I will take each in turn.

(1) Targeting

160. The Defendants have accepted that amazon.co.uk is targeted at UK consumers. Before the restrictions in January 2019 came into force, that means that listings of BHPC products on Amazon Global Store were infringing acts. The Defendants do not accept that any sales of such products as a result of those listings were themselves infringing acts but I will consider that later.
161. The issue of targeting is therefore only relevant to the listings on amazon.com. The Claimants allege that such listings, or the website as a whole, is targeted at UK/EU consumers (and the Claimants do not appear to distinguish between the UK and the EU for this purpose). As I understand their case, they do not say that the UK/EU is specifically targeted by amazon.com; rather their case must be that amazon.com effectively targets the world, not just the US. That on the face of it runs into the clear problem that mere accessibility of a website cannot constitute targeting – see *L’Oreal v eBay* (supra). Furthermore, if it is correct that amazon.com targets the world, it would drive a coach and horses through the concept of targeting and the territorial nature of trade mark rights. It would mean that any court across the world, assuming they had similar jurisdictional rules, could purport to exercise jurisdiction over the whole of amazon.com in respect of potential national trade mark infringement. That cannot be right. And it does not matter whether one is talking about amazon.com as a whole or the BHPC product listings on it.
162. The Defendants say that this is really very simple: amazon.com is only targeted at US consumers and that the UK and each EU country (and presumably many other countries as well) have their own targeted Amazon website. The fact that Amazon provided Amazon Global Store, whereby listings on amazon.com were cross listed onto amazon.co.uk or amazon.de, shows that amazon.com itself is not targeted at UK or German consumers.
163. Mr Mellor QC submitted, and this was supported by Mr Tripathi’s evidence, that Amazon prefers its customers to shop on their local Amazon website and seeks to persuade them to go back to that website if they have gone to amazon.com. He says that those 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.
164. Mr Mellor QC also pointed to the volume of traffic to amazon.com with the number of monthly unique visitors from the US exceeding 100 million. Mr Edenborough QC had complained in the Claimants’ Closing Submissions that the Defendants had not provided any figures for overall visitor numbers from the UK or EU to amazon.com,

although they had provided figures for visitors (or more accurately active users) to the pages displaying BHPC products in 2019 and 2020 – see paragraphs [78] and [79] above. However I consider the criticism to be unfair because, as Mr Mellor QC pointed out in his oral closing submissions, the Claimants have nowhere pleaded any substantive case on targeting (they merely joined issue with the Defendants’ plea in their Defence that there was no targeting by amazon.com) and so there was no disclosure on various aspects of the allegation including the volume of traffic from the UK to amazon.com as a whole. As I concluded in paragraph [79] above, I believe that the volume of traffic generally would probably mirror the volume specifically viewing BHPC product listings and would be very small by comparison with the numbers from the US.

165. Mr Edenborough QC concentrated far more on what the “*average consumer’s*” perception as to targeting was. He submitted that the average consumer is deemed to be “*reasonably observant, reasonably well-informed, and circumspect*” and as these are ordinary goods, that means an ordinary member of the public without a particularly high level of attention to detail. Mr Edenborough highlighted the following:

- (1) the .com suffix does not indicate a particular country, is widely used throughout the world and is essentially global;
- (2) as to the homepage, an example of which I have described in paragraphs [18] and [19] above, the UK consumer is recognised as such by Amazon and the page is tailored so as to make it easy for the UK consumer to purchase from amazon.com (Mr Tripathi admitted this):
- (3) in the top left hand corner of the homepage, the UK consumer sees the statement “*Deliver to United Kingdom*”; a pop up box automatically appears from there which 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*”;
- (4) sometimes banners appear quite prominently on the homepage, declaring that “*We ship over 45 million products around the world*” or “*Click here to shop in your local currency*”;
- (5) in the middle of the page, the consumer is told that they can “*shop in 8 languages*”; they can “*Shop in 60+ currencies*”; and that there will be “*Estimated import fees*”
- (6) the bottom of the page indicates that clothing is among the types of goods that can be shipped to the UK from amazon.com;
- (7) at the foot of the homepage, there are the language and currency options for the consumer to change;
- (8) it is only in relatively small writing that the consumer is told “*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.](#)*”

166. Mr Edenborough QC submitted that the average UK consumer would consider that therefore amazon.com was targeting them and that the advertisements and listings that they go on to select are targeted at them. Once an item is selected, if GBP is the consumer's preferred currency, all the prices are displayed in GBP. The page will indicate whether the item ships to the UK and if so provide a shipping cost. If the consumer adds the item to their shopping basket and then proceeds to the checkout, they will need to log in or create an account. Mr Tripathi confirmed that the same account is used for both amazon.co.uk and amazon.com. The default currency and delivery location will apply unless the consumer has selected otherwise. If the consumer is buying through Amazon Exports-Retail or FBA Export, in addition to the shipping cost there will also be shown the Import Fees Deposit, described in paragraph [22] above, which the consumer can discover is the maximum they will pay even if the actual import fees are higher. For the MFN Export business model the consumer is told that they are responsible for any import duties. All of this demonstrates, Mr Edenborough QC said, that Amazon wants the UK consumer to use amazon.com and that it is intended for their use. As such the average consumer will consider that amazon.com is targeted at them.
167. Looking at the other relevant factors (aside from the average consumer's perception), Mr Edenborough QC submitted that Amazon unquestionably intends UK/EU consumers to use amazon.com; indeed the whole purpose of the Amazon Exports Retail business model, in respect of which Amazon has an entire dedicated division, is to ease the process for consumers shopping from outside the US. As evidence of that intention, Mr Edenborough QC relied on the same matters as set out above in relation to the average consumer's perception.
168. Mr Mellor QC responded to the above points by describing them as simply evidence that Amazon always strives to provide an easy customer experience. Indeed Amazon's success has probably been founded, at least partially, on its attention to these sort of details which are appreciated by its customers around the world. But he says that these features only really come into effect once the UK consumer has made a deliberate decision that they want to shop on amazon.com despite Amazon's encouragement to shop on amazon.co.uk. If the UK consumer really wants to continue on amazon.com and pay the sometimes absurdly high shipping fees and import duties, and to wait much longer for the item to be delivered, then Amazon will help them to pursue that course and make it as smooth as possible. But that is only, says Mr Mellor QC, a downstream consequence of the decision of the UK consumer who positively wishes to shop on amazon.com despite the obvious drawbacks.
169. Mr Mellor QC submitted orally that the average consumer is not stupid and realises when they get there, whether deliberately or mistakenly (it is the third listing when "Amazon" is searched on Google – amazon.co.uk is the first for UK consumers), that it is the US website and that it is primarily intended for US consumers. Even though Amazon makes it easy for them to navigate around the site and to proceed to purchase items that are listed and which can be delivered to the UK/EU, the average consumer knows that amazon.com is targeted at the US and not at them.
170. Mr Mellor QC also submitted that there is confusion in relation to the Claimants' case on targeting, in particular whether they say that it is the website as a whole that targets UK/EU consumers or whether it is specifically the listings of BHPC products that are

targeted at UK/EU consumers. In relation to the latter, the data produced by Mr Campion (see paragraphs [78] – [82] above) shows clearly that the number of EU consumers who viewed listings of BHPC products on amazon.com was miniscule by comparison with US consumers. The number of EU consumers who went on to buy BHPC products when they could (ie before the 2019 restrictions) was even smaller both in absolute terms and by comparison with the US. The figures show that for the 7 years, 2013 to 2019, 168 units of BHPC goods with a total value of \$2,600 were shipped to the EU. By comparison, 32,547 units of BHPC goods were delivered to US consumers in 2019 alone. Furthermore the average shipping costs for BHPC products, as a percentage of the product costs are 2.1% for US deliveries as compared to 36.4% for shipments to the EU. Mr Haddad accepted that no “*normal consumer*” would pay a shipping charge of that amount (there were some examples where the shipping charge was 2, 3 or 4 times the product cost).

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. That seems to have been recognised in the agreed terms of this issue: “*whether the listing of the product is targeted at the UK/EU and whether the listing is an offer for sale or advertisement in the UK/EU.*”
173. Most of the cases on targeting concern a foreign trader’s website and whether the use of the sign on that website takes place in the relevant territory, eg *Argos*, *Merck* and *BDO*. The only case I think which is similar to this because it concerns an online marketplace containing many different offers for sale or advertisements is *L’Oreal v eBay* (supra). In paragraph [119] above I quoted from paragraph [64] of the CJEU’s judgment and I note that it refers to the “*advertisements displayed there*” rather than the website as a whole. In the following paragraph it says as follows (underlining added):

“[65] It therefore falls to the national courts to assess on a case-by-case basis whether there are any relevant factors on the basis of which it may be concluded that an offer for sale, displayed on an online marketplace accessible from the territory covered by the trade mark, is targeted at consumers in that territory.”

So when one is trying to determine whether a sign has been used in the territory, it is necessary to look at the particular sign in question.

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.

175. In fact, Mr Haddad and the Claimants were not particularly concerned about sales of BHPC branded products from the US to the UK/EU. The reason why Mr Haddad did not want listings of such products to be visible in the UK/EU was not because of individual consumers being able to purchase through amazon.com it was to prevent potential licensees from the Claimants from being able to see the prices at which BHPC products are sold for in the US. He said in cross examination:

“Again you seem to keep going back to the issue of number of transactions which is not what has damaged my brand. What has damaged my brand is the visibility of this ridiculously discounted goods that every one of my institutional customers, okay, we are – or we were at one point a licensing company, okay? And any time any potential institutional buyer, whether it be a large retail buyer such as – I don’t want to say Debenhams, they are out of business. They were one of our main customers at one point. Or – it’s hard to mention UK customers, they have all disappeared. But a major licensee wants to check on the brand, the first thing they do is check the internet and see how clean we are because that is what their customers do. If you look at any of the studies on how consumers search for brands or how they get a profiler or feeling of what to buy in a brand they first go online.”

176. I find this very revealing. Mr Haddad wishes to stop all visibility in the UK/EU of BHPC products on amazon.com because it allows his “*institutional customers*” to see how BHPC products are marketed in the US and the prices at which they are sold for in the US. It is not to prevent use of the sign in the UK/EU because he is not concerned about purchases from amazon.com which he knows will always be very small because of the prohibitive shipping costs and import fees. He basically wants to

prevent anyone in the UK/EU seeing what is going on in the US in relation to BHPC branded products as he considers that his brothers have devalued the brand whereas he wishes to place it at the higher end of the market. The fact that the Claimants maintain that, even after the restrictions on sale were put in place in 2019, there are still issues about targeting (the listings on the MFN Export business model are still visible to the UK/EU consumer who is only told at check out that the sale cannot proceed) shows that they are only concerned about removing all visibility from the internet.

177. Mr Haddad recognised that, in the modern world, people check things out on the internet before they purchase. It has revolutionised the way that people shop. Even if those consumers know that they are not going to buy from a website such as amazon.com because of all the other disadvantages of doing so, it cannot be right that they should be prevented from knowing the prices at which products can be bought or sold in another country. They may decide to wait until they travelled to the US and then buy the product from a physical store there. Similarly, I do not see why Mr Haddad's "*institutional customers*" should not be able to research the products that they might want to license or buy from the Claimants. It would amount to censoring the internet if they were prevented from doing this.
178. I go back to what I said at the beginning of this judgment: that the tension between the territoriality of trade mark rights and the global nature of the internet is something that businesses and brands have to live with. Where there is the split ownership of the brand as in this case, it is not possible or justified to split the accessibility of information on the internet and deprive consumers of information to which they are otherwise entitled. It is only in the narrow situation of targeting that this can be justified.
179. However there was no such targeting in this case and I accordingly reject the Claimants' alleged infringements based on listings on amazon.com of BHPC products.

## (2) Sales

180. Having so decided the issue of targeting, there remains to be considered whether historic sales through any of the four business models themselves constitute infringements of the Claimants' trade mark rights. In the light of my conclusion on *Blomqvist* and the law in relation to sales taking place outside of the UK/EU, it may not be thought necessary to deal with this further. Also the fact that historic sales were so small means that any damages suffered by the Claimants directly as a result of such sales would be so small as to be almost *de minimis* in the context of this litigation and the Claimants' real objective in it. Nevertheless I received full argument on these matters and I deal with it as set out below, by reference to the four business models.
181. There is one general point in relation to sales that Mr Mellor QC emphasised and that is that each BHPC product was purchased by an individual consumer for their own private use or for it to be a gift. In other words there is no question that the purchaser is importing the product for the purposes of any sort of commercial trade; and their purely private activity in purchasing and importing the product cannot be an

infringing use in the course of trade. This is underlined by the terms and conditions for Amazon Global Store which stated at the end of the section on “*Responsibility for Importation*” as follows:

“You agree you will be the final consumer of the product or that you will be giving the product to another individual as a gift, and in any case that the product is being purchased for personal use only and not for resale or for any commercial use.”

182. Therefore the only relevant question is whether one or more of the Defendants commits an infringing act in selling BHPC goods to a UK/EU consumer. There cannot be any joint liability under the principles set out above with the purchaser of such goods, as that person does not commit any infringing act.

(a) *Amazon Global Store*

183. As stated above, the Second and Fourth Defendants have admitted that the listings of BHPC goods on Amazon Global Store that could be seen on amazon.co.uk and amazon.de were infringing advertisements because they were targeted at the UK and Germany. They do not admit however that the sales, which at least in part must have been preceded by the infringing advertisements, were themselves infringing acts, principally because the sales took place in the US outside the UK/EU. According to Mr Champion’s evidence, in the four years 2016-2019, there were 156 units of BHPC products with a value of \$1,848.56, that were sold on Amazon Global Store through amazon.co.uk. The equivalent figures for amazon.de are 1 unit with a value of \$65.04. This debate is therefore about less than \$2,000 worth of historic sales that are not and cannot be continuing.
184. The terms and conditions upon which a UK consumer purchases goods through Amazon Global Store are as follows:

**“Ordering from the U.S.; Applicable Law and Venue**

When purchasing Amazon Global Store Products, you acknowledge that (1) you are ordering from Amazon US, equivalent to making a purchase from the Amazon.com website, (2) these products have not yet been imported into the UK at the time of purchase, and (3) that the sale takes place in the U.S.; therefore, subject to the laws and regulations of the U.S.

...

**Responsibility for Importation**

When ordering Amazon Global Store Products on Amazon.co.uk, you are responsible for lawfully importing the product into the UK and act as the declarant for customs purposes into the UK. The risk of loss and title for Amazon Global Store Products that you purchase pass to you upon our delivery to the carrier. You may be subject to taxes and fees levied by UK customs and tax authorities (“**Import Tax and Fees**”), which are triggered

when a shipment is imported into the UK. Please see below for more details regarding Import Tax and Fees. You agree that you will be the final consumer of the product or that you will be giving the product to another individual as a gift, and in any case that the product is being purchased for personal use only and not for resale or for any commercial use.”

185. Accordingly the sale takes place in the US and title to the goods and the risk of loss passes to the customer on delivery to the carrier in the US. The customer is also deemed to be the importer and is therefore potentially liable in respect of any import fees. However, despite the allocation of responsibility, it is Amazon that makes all the arrangements with the carrier to transport the goods to the UK/EU and it also makes it easy for the customer by providing the import fee deposit service that may result in Amazon picking up any excess import fees incurred. Nevertheless, the customer takes title to the goods in the US and is the importer of record.
186. The Claimants’ case in respect of sales being infringing uses in the course of trade in the UK/EU is wholly dependent on their interpretation of *Blomqvist* which I have held is wrong. Therefore the sales of BHPC products through Amazon Global Store which take place in the US according to their contractual terms do not constitute infringements of the Claimants’ trade mark rights.

*(b) Amazon Exports-Retail*

187. In paragraphs [21] and [23] above I set out the Conditions of Use and International Shipping Terms and Conditions. They are slightly different to the Amazon Global Store Terms and Conditions set out in the preceding section but they are to the same effect. The sale takes place in the US between the Second Defendant and the UK/EU consumer who is the importer of record. All risk transfers to the UK/EU consumer when the goods are delivered to the carrier in the US.
188. Accordingly the historic sales of BHPC products by the Second Defendant through Amazon Exports-Retail were not themselves, without prior targeting of the UK/EU, infringements of the Claimants’ trade mark rights.

*(c) FBA Export and MFN Export*

189. These two business models do not involve any of the Defendants as the seller of BHPC products. Therefore they cannot be liable for any infringements of trade mark rights in respect of sales of such products.

(3) Importation

190. As the above Terms and Conditions make clear, the consumer is the importer of record and is primarily responsible for the payment of import duties. I have referred in paragraph [112] above to infringement by way of importation and the requirement,



expressed in the *Class International* case and *A v B*, that importation in the course of trade occurs when customs clearance has been obtained and the goods released “*for free circulation*” in the EU. In other words, mere importation is not enough; there has to be the intention to put the goods on the market in the EU.

191. Quite apart from the fact that the importation in this case is by a private individual who is not infringing the trade mark owner’s rights, the Defendants could only be liable for importing the goods if they thereby intended to put the goods into free circulation in the EU. There was no such intention on the part of any of the Defendants as their only intention was to fulfil and deliver the order made by a private consumer in the UK/EU.
192. Mr Edenborough QC argued that under all the business models save MFN Export, Amazon is making all the arrangements for delivery into the UK/EU by choosing the shippers, instructing them and being ultimately responsible for the payment of import duties. Therefore he said that it does not matter that the consumer is the nominated importer of record. I do not understand how any of the Defendants render themselves liable for importing the goods because they make the arrangements on behalf of the actual importer, particularly where there is no intention on their part to put the goods into free circulation within the EU.
193. The Claimants also suggest that if Amazon is not directly liable, including in relation to MFN Export, then “*it is clear that Amazon must be liable by way of joint liability*”. However, the Claimants have not identified which Defendant should be jointly liable and, in any event, there is no credible basis for alleging that any of them have actually imported any infringing goods within the meaning of article 9(4)(c) of the EUTMR.

(4) Use in the course of trade on the FBA Export and MFN Export business models

194. This issue follows from the legal analysis of the “*use of a sign*” in paragraphs [99] to [111] above. However, it seems to me that the Claimants’ arguments in relation to the Defendants’ use of the sign in FBA Export and MFN Export business models are dependent on establishing liability under the Amazon Exports-Retail business model. In other words, I would have had to have found in the Claimants’ favour on targeting or sales when Amazon is the seller of BHPC products to be able to go further and find that, even where it is not the seller, it should be liable.
195. Mr Edenborough QC submitted that “*Amazon is not merely providing the technical means to permit a third party to advertise and make offers for sale to a consumer; the consumer will understand that Amazon is the party responsible for ensuring it receives goods bearing the signs in issue; and the consumer will link the use of the signs in issue to Amazon’s provision of services. Amazon therefore makes use of the signs in issue in the course of trade.*” Typically, there is no identification of the particular Defendant said to be so liable. Mr Edenborough QC relied on the Advocate General’s Opinion in *Coty Germany* (supra) and the notion of the “*creation of a link in the mind of the average consumer*”.
196. In relation to FBA Export, Mr Edenborough QC said that the third party sellers merely choose the price in US\$ at which they wish to sell and then deliver the goods

to an Amazon facility in the US. Amazon does everything else, including: listing the products for sale; taking payments; conversion into US\$ if necessary; packing and labelling; adding gift wrap if required by the customer; choosing, instructing and liaising with shippers; assessing and collecting the import fees deposit and paying any shortfall from its own pocket. Furthermore, all post-sales communications such as shipping confirmations, returns and feedback come from and appear to be handled by Amazon even if the third party seller is mentioned by name. That is all true but even if a link is created between Amazon and the goods in respect of which the sign is used, I do not see that Amazon, or any of the individual Defendants have actually “used” the sign in the course of their trade in the UK/EU. They have neither offered the goods for sale, nor advertised them, nor put them on the market in the UK/EU. The existence of such a link does not prove that Amazon itself has used the sign.

197. In relation to MFN Export, the position is *a fortiori*. The Claimants say that even though the goods do not pass through Amazon’s hands, Amazon provides far more than eBay in that it essentially stands behind the transaction with its A-Z guarantee and all communications being through Amazon. The customer, so the Claimants say, is given confidence by the involvement of Amazon throughout the process and is comforted therefore in transacting with an unknown third party seller. This, the Claimants say, is of material advantage to all concerned: Amazon, the customer and the seller. Again, that is all true but it does not demonstrate that any Amazon entity has used the sign in the course of its trade in the UK/EU.
198. Furthermore, as I said above, the Claimants have not identified which of the Defendants should be held liable in this respect. The First, Fourth and Fifth Defendants had no involvement with sales through amazon.com. The Second Defendant was the seller of goods through Amazon Exports-Retail but had no involvement with FBA Export or MFN Export. The only possibility therefore is the Third Defendant, the ultimate holding company of the Amazon Group, but, apart from being the “*conductor of the orchestra*” as Mr Edenborough QC put it, no relevant acts carried out by the Third Defendant have been identified that might lead to it being said to have used the sign in the course of its trade in the UK/EU. I will consider further the position of the Third Defendant in the section on joint liability below.

## **I. JOINT LIABILITY**

199. I said above that I was confused about the Claimants’ case on joint liability. I think that is because it conflates the alleged joint liability between the various Amazon entities involved (not limited to the Defendants) and alleged joint liability with outsiders such as the third party sellers, shippers and customers. As to the latter, I can see no basis whatsoever for either the shippers or the customers (who act in a purely private capacity) being liable for trade mark infringement in relation to BHPC products listed on amazon.com or sold from the US. That really leaves two possible areas which may be relevant to joint liability: (i) whether the Third Defendant should be liable because it is impossible to tell which Amazon entity is primarily liable: and (ii) whether any of the Defendants are jointly liable with the third party sellers on the FBA Export and MFN Export business models.

200. Dealing first with the position of the Third Defendant, the Claimants sought to establish that because it was impossible to distinguish between the various Amazon entities they must all have been working together in a common design set by the Third Defendant. This strikes me as a misconceived approach to liability for trade mark infringement.
201. Much of Mr Edenborough QC's cross examination of Mr Tripathi and Ms Purcell was concentrated on the allegedly opaque structure of the Amazon Group consisting of well over 2,000 entities and in respect of which they were unable to distinguish their separate functions and responsibilities. (This was not Mr Tripathi's or Ms Purcell's area of responsibility so I do not think it was entirely fair for them to be criticised for not knowing the corporate structure of the Amazon Group.) Mr Edenborough QC submitted that because the Third Defendant's name appears on amazon.com as the owner of the copyright and its address is given in the Conditions of Use and because of its name, Amazon.com Inc, that it must be the operator of amazon.com. He said that Amazon had not given any evidence of any other entity operating the site.
202. Mr Mellor QC submitted that that was totally wrong and there was plenty of evidence as to the operator of amazon.com. In the heading of the Conditions of Use that Mr Edenborough QC had referred to it says: "*Welcome to Amazon.com. Amazon Services LLC and/or its affiliates ("Amazon") provide website features and other products and services to you when you visit or shop at Amazon.com, use Amazon products or services, use Amazon applications for mobile, or use software provided by Amazon in connection with any of the foregoing (collectively "Amazon Services").*" Mr Tripathi referred in his witness statement to a listing and payment processing services agreement between the Second Defendant and Amazon Services LLC dated 1 August 2015 whereby its products are offered for sale on amazon.com. That agreement was exhibited to his witness statement. (According to Mr Tripathi, on 1 January 2020, Amazon.com Services LLC succeeded to Amazon Services LLC.) He also confirmed that Amazon.com Services LLC handled the packaging, labelling and shipping for FBA Export and MFN Export transactions.
203. From that evidence, it is reasonably clear that the operator of the website is not the Third Defendant but one of its many subsidiaries, Amazon.com Services LLC, as one would expect. The simple fact of the matter is that the Claimants have not sued the correct entity in relation to their allegations of targeting and it is not good enough just to point the finger at the ultimate holding company and allege that it must have been involved in some way.
204. The other way that the Claimants put their case against the Third Defendant is by using various metaphors: "*the conductor of the orchestra*"; "*the queen bee that controls the work of all the drones in the hive*"; the "*chief company*". They refer to various factors in relation to the Third Defendant such as: the Amazon Group is such a complicated structure that even "*Amazon's own lawyers can't accurately describe it*"; the Third Defendant is the owner of amazon.com's copyright; and it is stated in the subsidiaries' accounts to be their controlling party. From these somewhat meagre facts, Mr Edenborough QC invited me to conclude that the Third Defendant "*acts in common design with, or authorises and/or procures, and so is jointly liable with, whichever entity in the Amazon Group (if it is not [the Third Defendant]) it is that undertakes the acts complained of.*"

205. I do not think that is an appropriate conclusion to draw nor a proper basis for joint liability. It disrespects the corporate structure and there is no evidence whatsoever of any common design or any design “*set*” by the Third Defendant to commit trade mark infringements. As is clear from the authorities cited above, the common design has to be in relation to the tortious act that is alleged to have been committed. It cannot be such an amorphous concept that it would catch the holding company of any complicated corporate structure where a subsidiary commits a tort. If I had found that infringements had been committed in relation to amazon.com, I would not have found the Third Defendant liable on the grounds of common design. Any such liability could only exist in the entity that had committed the infringement. The Third Defendant would only be liable in such circumstances if there was pleaded and proved that sufficient assistance pursuant to a common design was provided by the Third Defendant. Merely being the ultimate holding company of a huge Group of companies is, in my view, wholly inadequate to establish joint liability.
206. As to the Defendants’ alleged joint liability with the third party sellers in the FBA Export and MFN Export business models, the Claimants have neither pleaded this allegation (it is not referred to in the agreed List of Issues) nor identified which Defendant is said to be jointly liable. The Claimants’ written closing submissions in this respect simply refer to “*Amazon*” as having acted in common design with the third party sellers to sell BHPC products to consumers in the UK/EU. That is inadequate, as are the Claimants’ pleadings, if they are to be able to run this point.
207. In any event, the point goes nowhere because I have found that the offers for sale or advertisements of BHPC products in listings on amazon.com were not targeted at UK/EU consumers. That necessarily also applies to the third party sellers’ alleged liability in respect of their BHPC products listed on amazon.com. I have also concluded that sales of such products in the US are not themselves uses in the course of trade in the UK/EU and therefore not infringing acts. Accordingly the third party sellers are not primarily liable and none of the Defendants could be liable as joint tortfeasors.

## **J. CONCLUSION**

208. As a result of my findings set out above, and save for my acknowledgment of the Second and Fourth Defendants’ admission that the listings on Amazon Global Store pre-2019 were targeted at the UK and constituted infringements of the Claimants’ trade mark rights, I dismiss the Claimants’ claims.
209. The Claimants were seeking injunctions preventing future infringements and an inquiry as to damages. This trial was only on liability and I would have had to direct such an inquiry if it was justified in the light of my findings on liability. It clearly is not and I do not so order, as the admitted infringements are trivial compared to the alleged infringements that I have dismissed. The actual sales to the UK/EU of BHPC products from the US is tiny and I have found that such sales in themselves, even if through Amazon Global Store, were not infringements. It would therefore be wholly disproportionate to order an inquiry as to damages flowing from those pre-2019 infringements.

210. I consider that Amazon responded reasonably and responsibly after the unusual and difficult issue of the split trade mark rights in relation to BHPC goods was brought to its attention. It cannot have been expected to have realised that there might be a problem before being notified of it. The restrictions that Amazon put in place, first in relation to Amazon Global Store in 2018 and then in relation to amazon.com in 2019 have removed any possibility of infringements occurring.
211. However, because the Claimants and Mr Haddad were never interested in anything other than a complete block on the visibility in the UK/EU of BHPC goods listed on amazon.com, they were never going to be happy with the restrictions even if they were completely effective in preventing any sales taking place from the US to the UK/EU. I hope that those restrictions can be maintained (even though I could not have ordered them to remain) so as to show the Claimants that Amazon continues to behave reasonably and respectfully in relation to the concerns of intellectual property rights owners. I hope also that the Claimants will appreciate that what Amazon have done is beyond what they were legally obliged to do and accept that this situation has come about not through Amazon's activities but through the complications of dealing with the split in trade mark ownership between Mr Haddad and his brothers and their opposing strategies in relation to the BHPC brand.
212. If there are any matters arising out of this judgment that cannot be agreed between the parties, there can be a consequential hearing arranged through the usual channels.
213. It just remains for me to thank Counsel and their instructing solicitors for enabling this trial to be conducted remotely as smoothly as it could have been. In fact, it was very suitable for a fully remote trial as nearly all the witnesses gave evidence from the US. I am also grateful for the excellent submissions, both oral and written.



**Mr Justice Michael Green:**

214.