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Case Nos: IL-2020-000127/IL-2021-000041

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

Rolls Building
Fetter Lane
London, EC4A 1NL

13 June 2022

Before :

MRS JUSTICE JOANNA SMITH DBE

Between :

(1) LIDL GREAT BRITAIN LIMITED
(2) LIDL STIFTUNG & CO KG

Claimants

- and -

(1) TESCO STORES LIMITED
(2) TESCO PLC

Defendants

Benet Brandreth QC and Tristan Sherliker (instructed by **Bird & Bird LLP**)
for the **Claimants**

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

Hearing dates: **5 and 6 April 2022**

APPROVED JUDGMENT

This judgment was handed down remotely by circulation to the parties' representatives by email and release to The National Archives. The date and time for hand-down is deemed to be 10.30 am on Monday 13 June 2022.

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Mrs Justice Joanna Smith

Mrs Justice Joanna Smith:

1. The claim in these proceedings between two well-known supermarket chains (to whom I shall refer as “**Lidl**” and “**Tesco**”) involves allegations by Lidl of infringement of registered trade mark rights in Lidl’s logo devices, passing off and infringement of copyright. Tesco counterclaims alleging, amongst other things, that some of the trade marks in issue should be declared invalid on grounds of bad faith. Lidl applies to strike out that counterclaim, alternatively for summary judgment (“**the Strike Out Application**”). At the same time, Lidl seeks permission from the court to rely at trial upon survey evidence said to go to the issue of distinctiveness of certain of the trade marks (“**the Survey Evidence Application**”). Both applications are hotly contested by Tesco, which has itself applied for permission to rely upon expert evidence in dealing with the Survey Evidence Application.
2. I deal with the Strike Out Application at paragraphs 35-107 and the Survey Evidence Application at paragraphs 108-205 of this Judgment.

The Trade Marks in Issue

3. In bringing the claim, Lidl relies upon its trade mark rights in two versions of the Lidl logo: a logo which includes the word “Lidl” (“**the Mark with Text**”) and a logo without that word (“**the Wordless Mark**”). The Wordless Mark is a graphical device consisting of a blue square background bearing a yellow disk, bordered in a thin red line. These marks are reproduced below:



The Wordless Mark



The Mark with Text



Example of the Marks as used by Lidl

4. Lidl is the registered proprietor of the Wordless Mark pursuant to the following UK registrations: UK2016658A, UK2016658C and UK2016658D all filed on 4 April 1995. For the purposes of its claim, Lidl also asserts that it is the registered proprietor of the Wordless Mark pursuant to EU trade mark EU004746343, filed on 17 November 2005 (“**the EUTM**”), and pursuant to a UK trade mark right no. UK00904746343 created as a result of the UK’s withdrawal from the European Union and derived from the EUTM. By its defence, Tesco identifies two additional UK trade mark registrations made by Lidl for the Wordless Mark (UK00902936185 filed on 15 November 2002 and 00906560571 filed on 13 November 2007) which it refers to as “**the Additional Wordless Marks**”. Tesco also identifies a further application made for the Wordless Mark in 2021 (UK00003599128).
5. Lidl is the registered proprietor of the Mark with Text pursuant to UK registration UK2570518, filed on 28 January 2011. It is asserted in Tesco’s Defence and was common ground at the hearing that use of the Mark with Text as a logo dates back

to around 1987 (although neither party appears to have pleaded or relied upon any registered trade mark in respect of the Mark with Text prior to UK2570518 filed in January 2011¹).

6. In short, Lidl contends that Tesco's use of a new sign in their "Clubcard Prices" marketing (as shown below in the form used in the Particulars of Claim), which is used by Tesco with text overlaid ("**the Sign**"), is an infringement of these marks:



The Sign (Tesco)



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

7. Before I go on to look in more detail at the nature of the allegations, Tesco's response and the grounds for the Strike Out Application, I should first set the claim in its proper statutory context.

The Relevant Statutory Framework

8. Pursuant to section 9(1) of the Trade Marks Act 1994 ("**the TMA 1994**"), the proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent. The acts amounting to infringement are specified in section 10.

9. Section 10(3) provides that:

"A person infringes a registered trade mark if he uses in the course of trade, in relation to goods and 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".

10. Section 10(4) identifies the circumstances in which a person uses a sign for the purposes of the section, including by offering or exposing goods for sale under the sign and using the sign on business papers and in advertising.

¹ A search on the IPO website reveals trade mark UK00001410087 filed on 28 December 1989 and registered on 21 February 1992, covering a limited number of items in class 32. However, I was not referred to this by the parties and nothing turns on it.

11. Section 46 TMA 1994 is concerned with revocation of registration of a trade mark. Insofar as relevant, section 46 provides that:

“(1) The registration of a trade mark may be revoked on any of the following grounds

(a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;

(b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use;

...

(2) For the purposes of subsection (1) use of a trade mark includes use in a form (“the variant form”) differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor)...”

12. Pausing there, trade mark owners therefore have a period of grace after registration in which to make use of the mark before it becomes vulnerable to attack for non-use.

13. Section 47 TMA 1994, is concerned with grounds for invalidity of registration and insofar as is relevant provides that:

“(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section...

...

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods and services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made...”

14. Section 3 TMA 1994 contains the grounds for refusal of registration. Section 3(6) provides that “A trade mark shall not be registered if or to the extent that the application is made in bad faith”.

15. Thus having regard to both sections 47 and 3 of the TMA 1994, a trade mark may be declared invalid to the extent that it was applied for in bad faith. There is a significant public interest objective in this provision “which is that of preventing trade mark registrations that are abusive or contrary to honest commercial and

business practices” (see *Hasbro Inc v EUIPO* (T-663/19) [2021] ETMR 39 (“*Hasbro*”) per the General Court of the CJEU at [37])

16. Section 32 of the TMA 1994 is concerned with the procedure for, and contents of, applications for national trade marks. Section 32(2)(c) requires that the application contain a statement (or specification) of the goods or services in relation to which it is sought to register the mark. Section 32(3) provides that:

“(3) The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a *bona fide* intention that it be so used”.
17. It is common ground that the applications for registration in respect of the Wordless Mark and the Additional Wordless Marks will have included a statement to this effect.

The Claim

18. It is common ground that Lidl has made substantial use of the Mark with Text in the United Kingdom and has acquired a substantial reputation in connection with the goods and services for which it is registered. For reasons which will become clear, it is not necessary for me to examine the claim any further insofar as it relates to infringement of the Mark with Text; suffice to say that the allegations to which I shall refer in the context of the Wordless Mark are also made in relation to infringement of the Mark with Text.
19. Lidl’s use of the Wordless Mark is disputed.
20. In its Particulars of Claim, Lidl relies upon its various uses of the Mark with Text “as uses of the Wordless Mark in a form that does not alter their distinctive character”. Lidl does not assert that the Wordless Mark has been used on its own in the United Kingdom but says that, because it has been used in conjunction with the Mark with Text, it is recognised in the United Kingdom as being distinctive of Lidl’s business in respect of those goods and services for which it is registered and that it “is capable of being, and is, perceived by the public in the United Kingdom as being distinctive of the Lidl group of companies”.
21. Lidl pleads that as a consequence of its use, the Wordless Mark is a trade mark having a reputation in the United Kingdom within the meaning of section 10(3) TMA 1994. Lidl asserts that Tesco has used the Sign within the meaning of section 10(4) TMA 1994 without due cause and that it is taking unfair advantage of the reputation of the Wordless Mark (so-called “free-riding”), alternatively that the use of the Sign is detrimental to the distinctive character of the Wordless Mark, contrary to section 10(3) TMA 1994. There is no plea of confusion (pursuant to section 10(2) TMA 1994).
22. Essentially, Lidl says that Tesco is seeking deliberately to ride on the coat tails of Lidl’s reputation as a “discounter” supermarket known for the provision of value. It pleads that Tesco’s use of the Sign in connection with Tesco’s discount prices is intended to, and does, cause members of the public to call to mind Lidl’s business and the Marks, including being suggestive of the fact that the prices of

goods offered by Tesco for sale under or in connection with the Sign are offered at the same prices, or lower prices, than could be obtained for the same or equivalent goods in Lidl stores.

23. In addition to the claim of trade mark infringement, Lidl also asserts (i) a claim in passing off on the grounds that by their use of the Sign, Tesco has misrepresented that products sold by Tesco share the qualities of those of Lidl, including that they are sold at the same or equivalent price, or have otherwise been price matched with Lidl products; and (ii) a claim of infringement of copyright in the artworks that comprise both the Mark with Text and the Wordless Mark.
24. By its Amended Defence and Counterclaim, Tesco disputes the basis of each of the claims made by Lidl. Focusing specifically on the Wordless Mark, it pleads (in somewhat discursive form) as follows in paragraphs 4.10 to 4.13:

“4.10 The Wordless Mark is a figment of Lidl’s legal imagination and a product of its trade mark filing strategy. It does not exist in the real world. The fact that Lidl have illegitimately obtained registered trade mark protection does not assist Lidl and only means that it should be expunged from the Register on grounds of Lidl’s bad faith and/or the lack of distinctiveness of the mark in any event. Lidl have never used the Wordless Mark and never intended to use it. Lidl argue that its use is validated by use as part of the Mark with Text. But if that is so, then there is no legitimate reason for Lidl having applied for it over and above a registration for the Mark with Text – other than to extend the protection already conferred by that registration. This is therefore a case of applying for a mark for the sake of legal protection per se, for its value as a legal weapon (just as it has been deployed in this action) and contrary to the true functions of a mark – in short, a paradigm case of bad faith.

4.11 As if that were not enough, Lidl have sought to “evergreen” the Wordless Mark as evidenced by duplicative protection sought in 2005 and even in 2021, the latter being after Lidl became aware that the Wordless Marks advanced in this claim could be vulnerable on grounds of non-use. Evergreening, Lidl seem to believe, confers fresh grace periods with no need to show use for 5 years following registration. But Lidl is wrong. Evergreening is characteristic of a bad faith actor since it allows a trade mark to be extended indefinitely, and the use provisions to be circumvented, with the mark maintained on the register for reasons unconnected with its purpose as a badge of origin. Again, paradigm bad faith.

4.12 In any event, the Wordless Mark was never a distinctive trade mark to begin with, being utterly devoid of any distinctiveness when applied for, and never having been used by Lidl in a way that could confer distinctiveness through use. Consumers, if they even would recognise the Wordless Mark as such, certainly would not rely on it on its own to indicate origin, which is the requisite test.

4.13 The Wordless Mark registrations should be revoked or declared invalid as sought in the Counterclaim.”

25. In paragraph 19 of the Amended Defence and Counterclaim, Tesco pleads that “[t]here has been no use, let alone substantial use, of the Wordless Mark”. Tesco goes on to deny that the Wordless Mark has any reputation or goodwill and it asserts that “Consumers do not rely on it exclusively for the purposes of indicating the origin of Lidl’s goods or services or for any other purpose” (paragraphs 20-21).
26. By its Counterclaim, Tesco asserts that the Wordless Mark, together with Additional Wordless Marks “are liable to be declared invalid because they were applied for in bad faith” (“**the Bad Faith Allegation**”). The basis for this plea is then set out in paragraphs 47 and 48 (which are the subject of the Strike Out Application by Lidl) as follows:

“47. As regards the 1995 UK application for the Wordless mark (UK trade mark registration nos. UK2016658A, UK2016658C and UK2016658D):

47.1 The Wordless Mark is and always was a legal artifice with no corresponding mark in the real world. It has never been used by Lidl in the form appearing on the register.

47.2 Given that, as pleaded, Lidl apparently devised its logo corresponding to the Mark with Text in 1987 or thereabouts, there is a reasonable inference that, at least by 1995 there was no bona fide intention (if there ever was, which is denied) to use the Wordless Mark in the form as registered. This is supported by the lack of use of that mark in the period both before and since the date of application.

47.3 It is denied that use of the Mark with Text amounts to use of the Wordless Mark, but even if it did, that would have no bearing on the bad faith nature of the application. If the Mark with Text supported the use of the Wordless Mark, then there was no need to apply for the Wordless Mark separate to that unless the purpose of the Wordless Mark application was to give Lidl wider or different protection. Lidl makes that argument in the present proceedings.

47.4 The result was an application for a Wordless Mark made solely for the purposes of deployment as a weapon in legal proceedings, not in accordance with its function of being used on goods or services to indicate the origin thereof.

48. Further or alternatively, as regards the Additional Wordless marks and the 2005 version of the Wordless Mark (UK trade mark registration no. 904746343), Tesco will contend as follows:

48.1 The Additional Wordless Marks and the 2005 version of the Wordless Mark, namely the EU marks from which those UK comparables are derived, are evergreened versions of the 1995 mark in that they duplicate coverage of various goods and services covered by the earlier mark.

48.2 There was no reason for Lidl to re-apply for the same marks and goods/services other than to avail itself of a fresh grace period during which it would not be required to show use of, in effect, the same marks.

48.3 In the circumstances, the Additional Wordless Marks and the evergreened 2005 application are probative of bad faith in relation to the marks themselves and the 1995 mark. As regards the 1995 mark, although the bad faith assessment is at the date of application, facts and matters subsequent to that date, such as evergreening, have a bearing on that assessment. The fact that Lidl considered it necessary to evergreen that 1995 mark in 2002, 2005 and 2007 is further proof of its bad faith at the date of application of the 1995 mark.

48.4. As regards the Additional Wordless Marks and the 2005 version of the Wordless Mark, paragraph 47 above is repeated. However, in addition to those matters, the fact that those applications were made in order to evergreen an earlier trade mark is itself probative of bad faith as regards those later marks.

48.5. In the premises, Lidl made applications not in accordance with the functions of a trade mark but purely to obtain exclusive rights for ulterior and illegitimate purposes. In respect of the UK comparable marks that derive from the EUTMs, because the EUTMs were applied for in bad faith, the UK comparable marks should be invalidated for the same reasons.

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

27. In paragraph 49 of the Counterclaim, Tesco advances the alternative case that the registrations for the Wordless Mark and the Additional Wordless Marks “are devoid of distinctive character and have not been used so cannot have acquired such character through use”. It goes on to say that even if these marks can be regarded as having been used as part of another trade mark, or in conjunction with another mark, “Lidl cannot prove that the relevant class of persons perceive the goods or services designated exclusively by the Wordless Mark and the Additional Wordless Marks...as originating from it”.
28. In a yet further alternative case, Tesco pleads at paragraph 50 of its Counterclaim that the Wordless Mark and the Additional Wordless Marks are liable to be revoked on the ground that they have not been used genuinely in the United Kingdom or anywhere else during the relevant period. At paragraph 50A, Tesco contends that even if there has been use of these marks as part of, or in conjunction with, the Mark with Text, Lidl cannot prove that the relevant class of persons perceive the goods and services designated exclusively by the Wordless Mark and the Additional Wordless Marks, as opposed to any other mark which might also be present on the overall Mark with Text, as originating from it.

29. The relief sought by Tesco in its prayer to the Counterclaim includes an order at paragraph 1 declaring invalid or revoking the Wordless Mark and the Additional Wordless Marks “as at the date of the filing for these trade marks or any subsequent later dates that the Court shall think fit”.
30. Lidl responds to the Bad Faith Allegation in paragraph 26 of its Reply and Defence to Counterclaim, pointing out that the allegations of bad faith amount to serious allegations of commercial dishonesty and asserting that they have not been “distinctly pleaded and distinctly proved”. Accordingly the pleading of bad faith is said to be “demurrable and liable to be struck out”.
31. In response to Tesco’s case in paragraphs 19-22 of the Amended Defence and Counterclaim of lack of use of the Wordless Mark, lack of recognition by consumers and lack of distinctive character and reputation (and in response to the Counterclaim more generally), Lidl pleads at paragraph 9 of its Reply and Defence to Counterclaim that it:

“...will rely on the evidence of a consumer survey that has been conducted in the course of preparing this Reply & Defence to Counterclaim. Lidl will in particular say that the results of that survey prove that the average consumer can, and does, perceive the Wordless Mark, and that the Wordless Mark is associated in the minds of consumers with the business of Lidl, having a reputation. Pending the provision of evidence in support of the same, the complete results, methodology, coding basis and coded data relating to that survey are set out at Annex 36 hereto and will also be made available to Tesco and their representative in native digital form”.
32. At paragraph 31 of the Reply and Defence to Counterclaim, Lidl makes it clear that it “will rely on the evidence of a consumer survey described at paragraph 9 of the Reply above in answer to the Counterclaim...”.
33. I shall refer to the consumer survey carried out by Lidl in this judgment as “**the Survey**” and return to the detail of it later when I come to consider the Survey Evidence Application.
34. For the sake of completeness, the question of whether or not Lidl has used the Wordless Mark lies at the heart of this action, is said to justify the application to rely on the Survey, and will remain in issue whether or not I accede to the application to strike out the Bad Faith Allegation.

THE STRIKE OUT APPLICATION

35. By its application notice dated 13 October 2021, Lidl applied to strike out the Bad Faith Allegation as set out in paragraphs 46 to 48 of the Amended Defence and Counterclaim together with paragraph 1 of Tesco’s prayer for relief. Alternatively, Lidl sought summary judgment, albeit that the procedural requirements in the Practice Direction at 24PD do not appear to have been complied with. The reasons for the application were said to be “set out in detail” in a letter from Lidl’s solicitors dated 17 September 2021. No additional reasons were included in the application notice and no evidence was served in support.

36. The letter of 17 September 2021 identified two reasons why the Bad Faith Allegation was said to be “disproportionate and hopeless”, namely (i) that it is redundant because “it can only potentially succeed in circumstances where the revocation for non-use has succeeded; and is bound to fail in circumstances where the revocation for non-use would also fail” – and so should be struck out pursuant to CPR 3.4(2)(b); and (ii) it is bad in law because “the facts alleged do not come close to an arguable case of the commercial dishonesty required to sustain the allegation” – and so should be struck out pursuant to CPR 3.4(2)(a).
37. In his skeleton argument for the hearing, Mr Brandreth QC, on behalf of Lidl, focussed on the strike out application, albeit continuing to maintain orally that he was also entitled to summary judgment by way of alternative – essentially on the basis that the grounds for summary judgment were similar, that the pleadings were verified with a statement of truth and that it was an acknowledged fact that when Lidl obtained its UK registration it must have ticked the box on the form TM3 confirming an intention to use the Wordless Mark. Mr Malynicz QC, on behalf of Tesco, complained at the rather unconventional approach to the application, involving a cross reference to the 17 September 2021 letter and the failure to have regard to PD24, but did not suggest that he was not in a position to deal with the application on its merits.
38. The case came before Master Pester on 3 November 2021 for a case and costs management conference. In his Order, the Master provided for the Strike Out Application to be adjourned to be disposed of at a subsequent hearing, together with the Survey Evidence Application. Tesco sought disclosure from Lidl in respect of Lidl’s intention and rationale when it applied for, and filed the Wordless Mark and the Additional Wordless Marks at all times (including 1995, 2002, 2005, 2007 and 2021). Subject to the outcome of this hearing, Lidl was ordered to disclose under Model D, with the question of disclosure of narrative documents a reserved matter. As at the date of the hearing, Lidl has accordingly provided no disclosure on this issue.

The Law on Strike Out/Summary Judgment

39. The applicable principles do not appear to be in dispute. The court may strike out a statement of case, or part of a statement of case, pursuant to CPR 3.4(2)(a), read together with 3.4(1) on the grounds that it “discloses no reasonable grounds for bringing the...claim”. It may grant summary judgment under CPR 24.2(a)(i) if it considers that there is “no real prospect of succeeding on the claim or issue”.
40. In a case such as this, where the Strike Out Application is based on the nature of Tesco’s pleading, there is no difference between the tests to be applied by the court under the two rules (see *Begum v Maran (UK) Ltd* [2021] EWCA Civ 326, per Coulson LJ at [20]). The test was identified by Coulson LJ at [22] in that case as follows:

“As to the applicable test itself:

- (a) The court must consider whether the claimant has a “realistic” as opposed to a “fanciful” prospect of success: *Swain v Hillman* [2001] 1 All ER 91. A realistic claim is one that carries some degree of conviction: *ED & F Man Liquid Products*

v Patel [2003] EWCA Civ 472. But that should not be carried too far: in essence, the court is determining whether or not the claim is “bound to fail”: *Altimo Holdings v Kyrgyz Mobil Tel Ltd* [2012] 1WLR 1804 at [80] and [82].

(b) The court must not conduct a mini-trial: *Three Rivers District Council v Governor and Company of the Bank of England (No 3)* [2003] 2 AC 1, in particular paragraph 95. Although the court should not automatically accept what the claimant says at face value, it will ordinarily do so unless its factual assertions are demonstrably unsupported: *ED & F Man Liquid Products v Patel; Okpabi and others v Royal Dutch Shell Plc and another* [2021] UKSC 3, at paragraph 110. The court should also allow for the possibility that further facts may emerge on discovery or at trial: *Royal Brompton Hospital NHS Trust v Hammond (No 5)* [2001] EWCA Civ 550; *Sutradhar v Natural Environmental Research Council* [2006] 4 All ER 490 at [6]; and *Okpabi* at paragraphs 127-128.”

41. At paragraph [23] Coulson LJ drew attention to the fact that it is not generally appropriate to strike out a claim on assumed facts in an area of developing jurisprudence. However, I did not understand Mr Malynicz to suggest that the issues arising in respect of the Bad Faith Allegation were novel such that, for this reason alone, they would be better dealt with on the basis of actual facts found at trial.
42. In the context of determining whether or not the claim is bound to fail, Peter Gibson LJ observed in *Richards v Hughes* [2004] PNLR 35 at [22], that “the court must be *certain* that the claim is bound to fail” (see also *Duchess of Sussex v Associated Newspapers* [2020] EMLR 21, per Warby J at 33(2)).
43. Here the strike out application is also brought pursuant to CPR 3.4(2)(b) which confers powers on the court to strike out a statement of case (or part of a statement of case) if it appears that it is “an abuse of the court’s process or is otherwise likely to obstruct the just disposal of proceedings”. This provision is broader in scope than 3.4(2)(a) and must be interpreted by reference to the overriding objective of dealing with cases justly and at proportionate cost, including that trials be kept strictly to the issues necessary for the fair determination of the dispute. It enables allegations which it would not be proportionate to permit to be tried, to be struck out (see *Duchess of Sussex v Associated Newspapers* [2020] EMLR 21 per Warby J at 33(3) and 34).
44. Mr Brandreth drew my attention to a helpful summary of the relevant principles on what is often referred to as “Jameel abuse” in *Harlow Higinbotham (formerly BWK) v Wipaporn Teekhungam* [2018] EWHC 1880 (QB) per Nicklin J at 44:

“(i) The Court has jurisdiction to stay or strike out a claim where no real or substantial wrong has been committed and litigating the claim will yield no tangible or legitimate benefit to the claimant proportionate to the likely costs and use of court procedures: in other words, “the game is not worth the candle”: *Jameel* [69]-[70] per Lord Phillips MR and *Schellenberg -v- BBC* [2000] EMLR 296, 319 per Eady J. The jurisdiction is useful where a claim “is obviously pointless or wasteful”: *Vidal-Hall -v- Google Inc* [2016] QB 1003 [136] per Lord Dyson MR.

- ii) Nevertheless, striking out is a draconian power and it should only be used in exceptional cases: *Stelios Haji-Ioannou -v- Dixon* [2009] EWHC 178 (QB) [30] per Sharp J.
- iii) It is not appropriate to carry out a detailed assessment of the merits of the claim. Unless obvious that it has very little prospect of success, the claim should be taken at face value: *Ansari -v- Knowles* [2014] EWCA Civ 1448 [17] per Moore-Bick LJ and [27] per Vos LJ.
- iv) The Court should only conclude that continued litigation of the claim would be disproportionate to what could legitimately be achieved where it is impossible “to fashion any procedure by which that claim can be adjudicated in a proportionate way”: *Ames -v- Spamhaus Project Ltd* [2015] 1 WLR 3409 [33]-[36] per Warby J citing *Sullivan -v- Bristol Film Studios Ltd* [2012] EMLR 27 [29]-[32] per Lewison LJ”.
45. In *Dow Jones & Co Inc v Jameel* [2005] EWCA Civ 75, a libel case, Lord Philips focused on the need for the court to consider not only the position of the parties, but also the wider position, saying at [54]:
- “...An abuse of process is of concern not merely to the parties but to the court. It is no longer the role of the court simply to provide a level playing-field and to referee whatever game the parties choose to play upon it. The court is concerned to ensure that judicial and court resources are appropriately and proportionately used in accordance with the requirements of justice.”
46. Against this background, Mr Malynicz also drew my attention to *Alsaifi v Trinity Mirror Plc* [2019] EMLR 1. At paragraphs [44] and [45], Nicklin J said this:
- “44. At the heart of any assessment of whether a claim is abusive is an assessment of two things: (1) what is the value of what is legitimately sought to be obtained by the proceedings; and (2) what is the likely cost of achieving it?
45. It is clear from *Sullivan* that this cannot be a mechanical assessment. The Court cannot strike out a claim for £50 debt simply because, assessed against the costs of the claim, it is not ‘worth’ pursuing. Inherent in the value of any legitimate claim is the right to have a legal wrong redressed. The value of vindicating legal rights – as part of the rule of law – goes beyond the worth of the claim. The fair resolution of legal disputes benefits not only the individual litigants but society as a whole”.

The Law on Bad Faith

47. Bad faith as a ground for invalidity requires “a use of the system of trade mark registration which would be regarded in commerce (“in the course of trade”) as not in accordance with honest practices or acceptable commercial behaviour” (per Sir Christopher Floyd in *Sky Limited (formerly Sky PLC) v Skykick UK Ltd* [2021] EWCA Civ 1121 (“*Skykick*”) at [59]). This will be the case where the legal right is being sought for purposes other than those falling within the functions of a trade mark (*Skykick* at [60]).

48. Lack of intention to use a trade mark may, in some circumstances, be relevant to, and evidence, bad faith (see Case C-371/18 *Sky plc and another v Skykick UK Ltd and another* (EU:C:2020:45), [2020] ETMR 24). However, it is not possible to equate a lack of intention to use with bad faith; as Sir Christopher Floyd said in *Skykick* at [45] “lack of intention to use, on its own, does not amount to bad faith”.
49. The main principles on which Lidl relies for the purpose of the Strike Out Application were summarised by Arnold J, as he then was, in *Walton International Ltd v Verweij Fashion BV* [2018] ETMR 34 at [186]:
- “(i) A person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is the balance of probabilities, but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith.
- ...
- vi) Consideration must be given to the applicant’s intention. This is a subjective factor which must be determined by reference to the objective circumstances of the particular case.”
50. I consider it important also to bear in mind various of the factors gleaned by Sir Christopher Floyd from the relevant CJEU authorities in respect of which he carried out an exhaustive review in *Skykick*. These are identified at paragraph [67] of his judgment, where he first identified the nature of the concept of bad faith, noting that an allegation that a trade mark has been applied for in bad faith “is one of the absolute grounds for invalidity of an EU trade mark” and then went on:
- “...
- (3) The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law...
- (4) The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].
- (5) The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].
- (6) It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan* at [21] and [40].
- (7) Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].

(8) Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].

(9) For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].

(10) Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].

(11) Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Mağazacılık* at [46].”

51. In considering bad faith in the context of an intention to use the trade mark at the time of registration, Sir Christopher Floyd set out extracts from the CJEU's judgment in *Skykick*, summarising them at paragraph [70] as follows:

“Lack of intention to use is accordingly a factor which may be relevant to bad faith where there is no rationale for the application in accordance with the aims of the Regulation, and there are objective, consistent and relevant indicia of bad faith”

52. As defined in paragraph 77 of the CJEU's judgment, these objective, consistent and relevant indicia would tend to show that:

“...when the application for a trade mark was filed, the trade mark applicant had the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark”.

53. Accordingly, as the CJEU went on to say at [78]:

“The bad faith of the trade mark applicant cannot, therefore, be presumed on the basis of the mere finding that, at the time of filing his or her application, that applicant had no economic activity corresponding to the goods and services referred to in that application”.

54. Thus, as Sir Christopher Floyd observed in *Skykick* at [71]:

“There will only be bad faith where the absence of intention to use is coupled with objective, relevant and consistent indicia of the additional positive intention identified in [the CJEU's judgment at] [77]”.

55. At paragraphs [74] and [75] Sir Christopher Floyd drew attention to the grounds on which Nugee J had rejected a claim of bad faith in *Jaguar Land Rover Ltd v Bombardier Recreational Products Inc* [2016] EWHC 3266 (Ch) on a summary

judgment application, including his observation that “the charge of bad faith is akin to dishonesty and must be ‘fully and properly pleaded’”. At [78], Sir Christopher Floyd said:

“I agree with Nugee J that an allegation of bad faith is “akin to an allegation of dishonesty”. In accordance with conventional principles, the party against whom bad faith is alleged must be told in clear terms the respects in which his conduct is to be so characterised, and the facts on which such an allegation is being made”.

56. At [79], Sir Christopher Floyd set out an extract from the judgment of Mr Daniel Alexander QC sitting as an Appointed Person in *HTC Corp v One Max Ltd* (O/486/17), including his observation at [21] that:

“it is necessary to give an applicant for a trade mark very considerable latitude before treating an application as filed in bad faith on the basis that the applicant...did not have a sufficiently specific intention at the time of the application to use the mark in respect of all the goods or services for which application was made”

and at [22] that:

“...it is therefore appropriate for the relevant tribunal to consider, in particular, in any case where bad faith is alleged whether, at the date of the application, having regard to the chronology and all the circumstances, the applicant had commercial reason to register the mark at all or to register it for the goods or services applied for on the basis of an arguable claim to legitimate protection of its actual or potentially extended future business under the mark”.

57. Sir Christopher Floyd then observed at [80] that he agreed:

“...that such a cautious approach is mandated in all cases where bad faith is alleged, and that the concept of justification by considering whether there is an arguable claim to legitimate protection of the applicant’s actual or potential business is a useful one.”

The relevant law as to “Use”

58. In *Specsavers International Healthcare Ltd v Asda Stores Ltd* (C-252/12) [2013] ETMR 46, the CJEU (on a reference from the English court) considered the issue of the use of a trade mark in a form differing in elements which do not alter its distinctive character.
59. Specsavers sued Asda for trade mark infringement. They relied (inter alia) on two trade mark registrations: one consisted of two ellipses partially superimposed over each other so as to resemble spectacles; another consisted of the same image with the word SPECSAVERS over it. The CJEU held that there was no inherent problem in relying on use of one mark overlaid with another that was itself a registered trade mark. The CJEU also held that the presence of the overlapping word changed the form of the mark but that the use of a mark in a form which differs from the form in which it is registered may nevertheless

amount to use of the registered mark to the extent that its distinctive character is not altered. The question was ultimately one of consumer perception:

“23. The distinctive character of a registered trade mark may be the result both of the use, as part of a registered trade mark, of a component thereof and of the use of a separate mark in conjunction with a registered trade mark. In both cases it is sufficient that, in consequence of such use, the relevant class of persons actually perceive the product or service at issue as originating from a given undertaking...

24. It follows that the use of the wordless logo mark with the superimposed word sign “Specsavers”, even if, ultimately it amounts to a use as a part of a registered trade mark or in conjunction with it, may be considered to be a genuine use of the wordless logo mark as such to the extent that that mark as it was registered, namely without a part of it being hidden by the superimposed word sign “Specsavers”, always refers in that form to the goods of the Specsavers group covered by the registration, which is to be determined by the referring court.”

60. The case returned to the Court of Appeal, *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2014] EWCA Civ 1294; [2015] ETMR 4 (“**Specsavers**”). At paragraph [9], Kitchen LJ identified two issues raised by the allegation that the use of the logo mark constituted use of the wordless logo mark too, namely:

“The factual issue is whether the Wordless logo mark is distinctive of Specsavers through use of the Shaded logo marks; or in other words, whether the average consumer recognises the Wordless logo mark when he sees the Shaded logo mark. The legal issue is whether the use of the Shaded logo mark therefore constitutes use of the Wordless logo mark”.

The legal issue was the issue that had been referred to the CJEU.

61. At paragraph [34], Kitchen LJ said that in the unusual circumstances of the case:

“...Specsavers have established that much of the use they have made of the Shaded logo mark, including, in particular, its use on signage, does also constitute use of the Wordless logo mark, for the evidence in this case shows that it has been such that the Wordless logo mark has served and does serve to identify the goods and services of Specsavers, and that the average consumer has perceived and does perceive the Wordless logo mark as indicative of the origin of the goods and services supplied by Specsavers. In short, much of that use has been such that the differences between the Shaded logo mark and the Wordless logo mark have not changed the distinctive character of the Wordless logo mark; and the Wordless logo mark has itself been seen as a trade mark and not simply as background. It follows that Specsavers have established that they have made genuine use of the Wordless logo mark”.

The competing arguments on strike out pursuant to CPR 3.4(2)(a)

62. As set forth in its skeleton argument, Lidl’s application to strike out the Bad Faith Allegation under CPR 3.4(2)(a) may be summarised as follows: the inferences that Tesco seeks to draw in its pleading (as to (i) the fact that Lidl applied for the Wordless Mark without an intention to use it; (ii) that accordingly its true

intention must have been simply to register the Wordless Mark as a legal weapon against others and (iii) that Lidl has sought subsequent registrations for identical marks, the 2005 mark and the Additional Wordless Marks, in order to create a new 5 year period of monopoly protection without the need to show use) do not follow from Tesco's case that Lidl has never used the Wordless Mark. This is because the question of use of the Wordless Mark is in dispute. Lidl says it used the Wordless Mark in conjunction with the Mark with Text; Tesco disagrees, but Tesco does not suggest that Lidl's case on use is unarguable. Lidl relies for this case on *Specsavers*. The inferences that Tesco seeks to draw are dependent upon it succeeding in its case on lack of use. However, the existence of a disputed legal argument does not give rise to "objective, relevant and consistent indicia" showing bad faith.

63. In his oral submissions, Mr Brandreth contended that the key issue between the parties on the strike out application was encapsulated in *Hasbro*, a CJEU decision made shortly prior to the Court of Appeal's decision in *Skykick*, and referred to by Sir Christopher Floyd in his judgment. In *Hasbro*, the Board of Appeal had found bad faith in filing the application for registration of the MONOPOLY mark. At paragraphs [41]-[43] the General Court said this:

"41. The concept of bad faith thus relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices...

42. It is for the applicant for a declaration of invalidity...to prove the circumstances which make it possible to conclude that an application for registration of an EU trade mark was filed in bad faith, the good faith of the trade mark applicant being presumed until proven otherwise...

43. Where EUIPO finds that the objective circumstances of the particular case which were relied on by the applicant for a declaration of invalidity may lead to the rebuttal of the presumption of good faith which the proprietor of the mark at issue enjoys when he or she files the application for registration of that mark, it is for the proprietor of that mark to provide plausible explanations regarding the objectives and commercial logic pursued by the application for registration of that mark."

64. Essentially, says Mr Brandreth, the starting point is always a presumption of good faith and there will be no need or justification for considering the matter further unless that presumption can be rebutted by reference to objective circumstances. There are no such objective circumstances in this case; on the contrary, even taken at their highest, the matters on which Tesco relies are entirely consistent with good faith. Tesco pleads nothing that might be said only to be consistent with bad faith. The justification for the plea of commercial fraud comes down to "[o]nly their own lawyers' argument that the use Lidl believes it has made of the Wordless Mark is not, in law, use of the mark in a form that does not differ in its distinctive elements. It is hopeless".
65. In support of this proposition, Mr Brandreth drew my attention to the judgment of Richard Arnold QC (as he then was) sitting as an Appointed Person in *Robert*

McBride Ltd v Reckitt Benckiser [2005] ETMR 85 (“*McBride*”). Mr Brandreth accepted that this judgment was long before *SkyKick* and that it was neither binding on this court, nor dealing with exactly the same factual scenario, but he submitted that the reasoning applied by the judge was supportive of the proposition he is making in this case.

66. In *McBride*, the applicant had applied for a trade mark for the shape of its air freshener and included a photograph of the same. However, in its application it had failed to indicate that it relied upon the three-dimensional shape of the article shown in the two-dimensional image. A notice of opposition was filed raising (amongst other things) grounds of opposition under section 3(6) TMA 1994 (bad faith on the grounds that there was no intention to use the two-dimensional trade mark as filed, but only an intention to use a three dimensional mark). The Registrar upheld this ground of opposition and the applicant appealed. The dispute on appeal turned on the correct inferences to be drawn from the primary facts and whether such inferences were capable of establishing bad faith.
67. One of the arguments raised by the applicant was that sale of the product was use of the mark applied for “in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered” within section 46(2) TMA 1994. The judge noted that he had not received full argument from either side on this point and said that absent full argument he was reluctant to come to a final conclusion on the point. However, he went on to say this at [42]-[44]:

“42. ...It is not necessary to reach such a conclusion in order to dispose of this appeal however. It is sufficient that I am satisfied that it is at least arguable that sale of the product...would be use within s. 46(2). The significance of this conclusion is that it means that what the applicant intended to do as at the date of filing the Form TM3 may constitute use of the two-dimensional trade mark applied for, and hence its statement that it intended to use the mark may be a true statement. Contrary to the opponent’s argument. I consider that this is highly relevant to bad faith.

43. This ties in with the applicant’s sixth ground and with the requirement laid down in *Harrison* to consider the applicant’s subjective state of mind. The applicant’s argument is that at worst the applicant made an error of judgment: if it turns out that sale of the product does not constitute use of the mark applied for, then the applicant may suffer the consequences of revocation under s. 46(1)(a) or (b) of the 1994 Act, but this does not mean that it knowingly made a materially false statement on the Form TM3 or otherwise acted in a manner falling short of the standards of acceptable commercial behaviour.

44. I accept this argument. Even if it was not clear beforehand, I consider that *Harrison* makes it clear that, to constitute bad faith within s. 3(6), it is not enough for the applicant to have made a statement of intention to use the mark applied for that turns out to have been incorrect: it must be shown that the applicant knowingly made a false statement (or, possibly, made a statement with reckless disregard for whether it was true or false). An honest but mistaken statement that the applicant intends to use the mark is not bad faith”.

68. Mr Brandreth says that, by analogy, Tesco's recognition in this case that the use of the Wordless Mark is an arguable point precludes the possibility that Tesco can demonstrate bad faith – any inference can go no further than that Lidl made an error of judgment when filing its application for registration, in thinking that it could rely upon the Mark with Text and ticking the box on the form TM3 confirming its intention to use. An error of judgment does not come close to satisfying the requirements for establishing bad faith, much less is it sufficient to establish that Lidl's registration was with the sole purpose of circumventing the non-use provisions (see *Skykick* at [117] where Sir Christopher Floyd identified that an absence of rationale for the application for registration “might be demonstrated by a strategy of the kind owned up to in *Hasbro*, where the sole purpose was to circumvent the non-use provisions in the regulation. That is something quite different from an absence of a commercial strategy to use the mark”).
69. During the course of Mr Brandreth's submissions, I asked whether the issue around use of the Wordless Mark is a mixed question of fact and law. Mr Brandreth pointed to the passage in Kitchen LJ's judgment in *Specsavers* at [9], to which I have already referred, identifying that the factual issue will be whether the Wordless Mark is distinctive of Lidl through use of the Mark with Text, while the legal issue is whether the use of the Mark with Text therefore constitutes use of the Wordless Mark. Mr Brandreth says that Tesco relies on nothing more than a contested legal argument to raise inferences of serious commercial misconduct and that such reliance (which is no more than a “legal fiction”) falls far short of what is required. Tesco must show that Lidl knew that they had no intention to make genuine use of the Wordless Mark when they applied for it, but instead intended to register it for an illegitimate purpose; the basis for that allegation is an inference from their defence that there has been no use, an inference which is unsustainable in circumstances where the question of use is arguable.
70. As for Tesco's argument on “evergreening”, Mr Brandreth says that these allegations are not sufficient on their own and that, in any event, insofar as the evergreening allegation is dependent upon the proposition that the Wordless Mark has not been used, there is an arguable case that Lidl has used it and thus no basis for inferring a nefarious motive. Further, Mr Brandreth points out that the later registrations (the first of which – filed in 2002 - was not filed in the grace period of 5 years following the 1995 registration²) cover a wider specification of goods and different territories to the 1995 registration (many of the marks were originally EU trade marks – they have become UK trade marks as a consequence of Brexit but at the time of application they did not cover the UK alone but also the other 26 countries in the EU), and that they are for different signs – the colour identification having been updated. Inherently, therefore, Lidl submits that the later registrations of the Wordless Mark had their own commercial rationale and that Tesco's pleading raises nothing that is not consistent with good faith.

² This seemed to be common ground at the hearing although I have been unable to find in the pleadings or evidence the date of registration of the three filings for the Wordless Mark in 1995. The IPO website indicates that in fact the date of registration for the 1995 filings was 14 November 1997, such that the filing on 15 November 2002 was made on the day following expiry of the grace period.

71. In *Hasbro*, the evidence showed that the applicant had intentionally sought to circumvent a fundamental rule of EU trade mark law, namely that relating to proof of use, in order to derive an advantage therefrom to the detriment of the balance of the EU trade mark system. However, the CJEU made clear at [70] that:
- “...it must be stated there is no provision in the legislation relating to EU trade marks which prohibits the refiling of an application for registration of a trade mark and that, consequently, such a filing cannot, in itself, establish that there was bad faith on the part of the trade mark applicant, **unless it is coupled with other relevant evidence which is put forward by the applicant for a declaration of invalidity or EUIPO**” (emphasis added).
72. As an overarching point, Mr Brandreth submits that Tesco’s pleading does no more than plead a bad faith case in the abstract. Tesco invites speculation as to what might “come out” at a later stage, but on the authorities there is no proper basis for the court to engage with such invitation absent objective reasons which are only consistent with bad faith.
73. Tesco rejects these arguments. Mr Malynicz argues that use and intent to use (the latter being the key issue in the context of an allegation of bad faith) are two separate enquiries. He contends that on the accepted fact that the Wordless Mark has never been used in the form applied for, there is a strong (and so far unanswered) inference that Lidl’s application for the Wordless Mark was made for purposes other than to be used as a trade mark, i.e. it was thought that it would expand Lidl’s monopoly in the Mark with Text over and above the existence of that mark alone. In Mr Malynicz’s words, the Wordless Mark appears to have been “contrived purely as a means of suing people like Tesco who dare to use a circle in price signage”. This, he says, is paradigm bad faith because it is a motive that is ulterior to the purpose of trade mark registration – to use the mark in the form applied for in relation to goods or services.
74. On the subject of genuine use, Mr Malynicz rejects the proposition that, because Lidl may have an arguable point by analogy with *Specsavers*, Tesco’s plea of bad faith is hopeless. Indeed he says that even if Lidl were to establish genuine use on the evidence at trial, that would not be enough to protect them against the Bad Faith Allegation – use and intention to use being different enquiries. He relies on *Skykick* in support of the contention that it may constitute bad faith to register a trade mark without any intention to use it.
75. Mr Malynicz submits that each of the three separate allegations of bad faith pleaded by Tesco (each of which amounts to an inference) has a real prospect of success at trial:
- i) The objection that the Wordless Mark has never been used and so must have been filed without a bona fide intention to use it is well-founded in law – see *Skykick* at paragraphs [69]-[71];
 - ii) The objection that Lidl filed the Wordless Mark as a legal weapon to deploy in proceedings such as these is also well-founded in law – see *Skykick* at [70] and the CJEU judgment at [77];

- iii) It is well-established in trade mark law that evergreening is indicative of bad faith because it shows that an applicant has intentionally sought to circumvent a fundamental rule of EU trade mark law, namely the requirement to prove use – see *Hasbro* at [69]. Further, an allegation of bad faith based on evergreening is not dependent upon use – see *Hasbro* at [82]:

“As regards the second argument, relating to the use of the mark MONOPOLY in connection with games, the Board of Appeal was right in finding...that whether or not the applicant could have actually proved such use was irrelevant, as it is the intention of the applicant for a mark which is to be evaluated”.

In his oral submissions, Mr Malynicz noted that even where a subsequent application had a narrower or broader scope, any overlap for the purposes of identity would always raise an issue owing to the fact that “there is no reason for it”. In circumstances where the existing trade mark provides an existing monopoly, there is no need to re-apply. Accordingly, the fact of evergreening is sufficient to shift the evidential burden.

76. Mr Malynicz submits that these inferences are all the more compelling in circumstances where Lidl “already own[ed] the Mark with Text registrations”³ (upon which Lidl seek to rely to establish use of the Wordless Mark). He queries what purpose could possibly have been served by registering the Wordless Mark where Lidl already had the Mark with Text registered and he points out that Lidl has never answered that question (although during the course of submissions, Mr Brandreth confirmed that the Wordless Mark was applied for to expand monopoly rights). Furthermore, Mr Malynicz says that none of these arguments has been rebutted with anything other than bare denials and that, importantly, Lidl has said nothing in the pleadings about their intentions in seeking registration of the Wordless Mark, whether originally or by regular re-application. He submits that Mr Brandreth’s argument based on the existence of an arguable legal issue is a “lawyer’s argument” which might succeed at trial but that it is “fanciful, or at least questionable”, that Lidl had that legal issue in mind in 1995 or on any of the subsequent re-registrations. Tesco is entitled to see Lidl’s disclosure and evidence on intention and to test that evidence at trial.
77. Finally, in oral submissions, Mr Malynicz asserted that (i) there are clear indications in the pleadings of solus use of the Wordless Mark, a point on which he relies in suggesting that there is, at the very least, “a question over what the intention was at the date of application; no more than that”; (ii) there are new applications in the pipeline; and (iii) the use of a background mark to challenge other backgrounds which have different text (i.e. the Tesco yellow disk which has completely different text from that used by Lidl) is itself potentially indicative of bad faith because it is capable of being anti-competitive (see para [50] of *Skykick*).
78. I shall return later to point (ii) above, which is pleaded as part of the Bad Faith Allegation. However, point (i) does not appear to take matters any further given

³ Mr Malynicz did not however identify the registrations on which he sought to rely. No reliance is placed in Tesco’s Defence and Counterclaim on any registered Mark with Text prior to 1995.

the need for Tesco to unpick the presumption of good faith, and point (iii) is not pleaded in support of the Bad Faith Allegation. There was no suggestion from Mr Malynicz that there was any intention to amend to plead either of these points in support of the Bad Faith Allegation, notwithstanding the evidence in Mr Whitehead's second statement to the effect that "it is Tesco's intention to submit substantial evidence at trial that yellow (and other brightly (sic)) circles are and were at all material times used extensively in price signage to indicate prices and/or special offers".

Discussion

79. In light of the submissions made by the parties, the central issue for determination is whether Tesco's pleading raises sufficient objective circumstances to overcome the presumption of good faith, such that there is a case to answer. That this is the central question appears to be accepted by both parties albeit that the difference between them is that Lidl contends that Tesco has done nothing in its pleading to shift the burden, or to raise a *prima facie* case of bad faith, whereas Tesco says that it has and that the matters on which it relies are consistent with bad faith. Indeed Lidl goes further and says that without pleaded indicia consistent only with bad faith, Tesco should not be allowed to proceed with the Bad Faith Allegation.
80. In considering these questions it does seem to me that, for the purposes of this application, I must proceed on the assumption that Tesco may be correct in their assertion that use of the Wordless Mark in conjunction with the Mark with Text is not use. Mr Brandreth did not appear to dissent from this approach, although he says that even if Lidl was wrong on its understanding of "use" that does not establish that Lidl knew it was wrong or intended some quite different use and so is not enough to establish bad faith.
81. Proceeding then on the assumption that there has been no use of the Wordless Mark, that in itself (without more) does not indicate bad faith. The trade mark scheme expressly allows for a period of non-use, but also provides for a consequence of non-use beyond the 5 year grace period in the form of revocation. It is not (without more) inherently bad faith to register a mark without knowing precisely the use that will be made of it and it is not bad faith to register a trade mark and then not to use it. As Mr Brandreth correctly submitted, the point of the grace period is to allow registration in circumstances where an entity may not know immediately how their commercial plans will develop (see *Skykick* at [69] referring to paragraphs [76]-[78] of the CJEU decision).
82. The question of whether there was in fact no intention to use the trade mark will depend upon the evidence. However, even assuming it is correct to say that there was in this case no intention to use, *Skykick* plainly establishes that such lack of intention is not in itself sufficient to give rise to bad faith. There will only be bad faith where the absence of intention to use is coupled with objective, relevant and consistent indicia of the additional positive intention of obtaining an exclusive right for purposes other than those falling within the functions of a trade mark (See Sir Christopher Floyd in *Skykick* at [69] and [70] referring to the CJEU decision at [77]).

83. The first of the indicia on which Tesco relies in this case is that the Wordless Mark was designed as a legal weapon (a point that Mr Malynicz accepts overlaps with Tesco's lack of intention to use allegation). However, whilst objective, relevant and consistent indicia of a desire to obtain exclusive rights for purposes other than those falling within the functions of a trade mark (i.e. for legal deployment) would be capable of tipping this case into the realms of bad faith, there are no such indicia here. Indeed I agree with Mr Brandreth that this element of Tesco's case on bad faith is really inextricably tied to their contention that a lack of use gives rise to an inference of lack of intention to use. The allegation that the Wordless Mark is merely a legal weapon is no more than assertion. Tesco does not cite any objective basis for such contention. It cannot be sufficient on the authorities to construct an edifice of inferences based purely on an assumed/inferred lack of intention to use (which on its own is insufficient to amount to bad faith in any event).
84. Mr Malynicz appears to recognise this problem in his skeleton argument when he says at paragraph 90 that "Lidl's behaviour in applying for marks that it does not intend to use might not be bad faith were it not also coupled with the fact that Lidl already own the Mark with Text registrations and it is those marks that Lidl rely on to show use of the Wordless Marks" (see paragraph 47.3 of the Counterclaim). This was a point he repeated in his oral submissions, accepting that it is not sufficient for there to be no use of the Wordless Mark and no intention to use the Wordless Mark but submitting that "the added ingredient here is Mark with Text. That is the problem". (I observe as an aside that given the reliance placed on the existing registration of the Mark with Text, it is somewhat surprising that Tesco's pleading does not refer to or plead the date of its filing or registration prior to the 1995 filing of the Wordless Mark and nor does it identify the class or classes of goods and services covered by any such registration.)
85. Mr Brandreth's answer is to point to the decision of the CJEU in *Specsavers*, in particular paragraph [24] to the effect that there is nothing inherently wrong with having overlapping trade mark registrations (thereby implicitly accepting the existence of an earlier registration of the Mark with Text prior to 1995 despite also not having pleaded it). Although bad faith was not in issue in *Specsavers* and the point that is now raised before me was not before the court, he says that it supports the proposition that there is nothing surprising in an organisation with a background element that they consider to be distinctive wanting to protect it, and that in such circumstances there can be nothing wrong with the wider monopoly that is thereby created. He also points to the fact that section 46(2) TMA expressly provides for registration of a trade mark in a variant form, submitting that there is nothing objectionable in that.
86. Against that background (and in circumstances where the Reply (at paragraph 27.2) denies the inference and reasoning in paragraph 47.3 of the Counterclaim, but makes no positive case as to the purpose of registering both the Mark with Text and the Wordless Mark), the key question is whether Tesco's *prima facie* case on this point is enough to shift the burden of proof and require a response from Lidl, such that the issue must go to trial. For the reasons identified by Mr Brandreth, I certainly cannot see that it is. Aside from the fact that Tesco has not pleaded details as to the registration of the Mark with Text prior to 1995 and has

not sought to identify the class of goods covered by it, I fail to see how the mere existence of an overlapping mark is enough, without more, to undermine the presumption of good faith.

87. The second of the indicia on which Mr Malynicz relies is evergreening. However, I reject the contention in his written submissions that the mere act of re-registration/evergreening on its own is indicative of bad faith, or that paragraph [69] of *Hasbro* supports such a proposition. Indeed that passage appears to me to be wholly inconsistent with the proposition made by Mr Malynicz in his skeleton argument:

“69. The Board of Appeal’s reasoning, as summarised in [59]-[64] above, unambiguously shows that it is not the fact that an EU trade mark is re-filed that was found to be indicative of bad faith on the part of the applicant, but the fact that the information in the case file showed that the applicant had intentionally sought to circumvent a fundamental rule of EU trade mark law, namely that relating to proof of use, in order to derive an advantage therefrom to the detriment of the balance of the EU trade mark system established by the EU legislature.”

88. Neither the fact that there was no use, nor the fact that there were subsequent re-registrations is sufficient in itself to establish bad faith. Mr Malynicz accepted this during his oral submissions, just as he also acknowledged that it was always possible for there to be an innocent explanation for re-registration.
89. In the circumstances, Mr Malynicz’s argument on evergreening really came down to two points; the first is similar to the point he makes about the mere existence of the Mark with Text, namely that the mere existence of subsequent re-registrations raises a question mark over the purpose of those re-registrations in circumstances where they overlap with existing protection. In this context, Mr Malynicz showed me an excel spreadsheet prepared by a trainee trade mark attorney and exhibited to the second statement of Mr Whitehead (Tesco’s solicitor) which identifies the specific goods and services falling within each class covered by each filing. Mr Whitehead points out in his statement that the spreadsheet shows that some goods and services are identical to those in earlier filings and that some are covered by a broader or highly similar description to an earlier filing. Mr Malynicz pointed out the similarities with the original Wordless Mark, the inclusion of additional goods which appear (in his submission) almost “arbitrary” and contended that this is “a fingerprint of what we say is conduct which is not in accordance with honest practices”.
90. The second point is that evergreening in fact has nothing to do with use because it can be designed to circumvent the need to prove use (as was the case in *Hasbro*). This says Mr Malynicz, is the answer to *McBride*, because whether or not Mr Brandreth is correct in his interpretation of the reasoning in *McBride*, it does not apply to evergreening, which is unrelated to use.
91. I am not convinced by these points. The first point appears to me to be little more than speculation flowing from Tesco’s case that there has been no use of the Wordless Mark. Even assuming that case to be correct, I fail to see that the mere existence of overlapping filings is enough on its own to give rise to a *prima facie* case of bad faith.

92. As Mr Brandreth pointed out “the evolution over time of a logo intended as the graphic representation of a mark constitutes normal business practice” (see *Pelicantravel.com s.r.o v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening)* Case T-136-11 (“*Pelikan*”) at [36]). There is nothing on the face of Tesco’s pleading to support the proposition that the re-registrations must have been bogus and made no commercial sense (see by analogy *Pelikan* at [46]), much less has it pleaded anything to suggest that the mere fact of those re-registrations is capable of rebutting the presumption of good faith at the time of filing of the original Wordless Mark in 1995. In particular:

- i) The assertion in paragraph 48.1 of the Counterclaim that the Additional Wordless Marks and the 2005 version of the Wordless Mark “duplicate coverage of various goods and services covered by the earlier mark” (the earlier mark apparently being a reference to the 1995 Wordless Mark), is not adequately particularised. What are the duplications alleged and how are they said to be material? How is it said that those alleged duplications (which appear to spawn the remainder of Tesco’s “evergreening” case) give rise to an inference of bad faith such that the presumption of good faith is overturned? If it is said (as Mr Malynicz submitted when drawing my attention to the excel spreadsheet) that the addition of new goods and services in later registrations is “arbitrary” and a “fingerprint” of dishonesty, why has that not been clearly and properly pleaded, as ought to have been the case where a plea that is tantamount to dishonesty is being advanced?
- ii) The assertion in paragraph 48.3 of the Counterclaim that “the fact that Lidl considered it necessary to evergreen that 1995 mark in 2002, 2005 and 2007 is further proof of its bad faith at the date of application of the 1995 mark” is wholly unparticularised. During the hearing it appeared to be acknowledged by Mr Malynicz that the 2002 filing was well outside the grace period for the 1995 registration, a point which, if correct, would appear to negative any suggestion of bad faith. However, for reasons already identified I do not rely upon that point in this judgment. Nevertheless, I fail to see how the mere fact of an application for re-registration in 2002 (whether inside or outside the grace period), 2005 and 2007 is itself capable of giving rise to a *prima facie* case of bad faith in relation to the original 1995 registration.
- iii) The assertion of bad faith in relation to the Additional Wordless Marks and the 2005 version of the Wordless Mark in paragraph 48.4 of the Counterclaim does no more than repeat paragraph 47 and assert that “the fact that those applications were made in order to evergreen an earlier trade mark is itself probative of bad faith in regards those later marks”. However, this pleading does no more than beg the question as to the purpose of the re-registrations. I fail to see how it can properly be asserted, without more, that the later registrations were made “in order to evergreen” the original Wordless Mark. In the circumstances I cannot see how this is “itself probative of bad faith in regards those later marks”. Certainly there is nothing pleaded that would give rise to a clear inference of bad faith.

- iv) The assertion in paragraph 48.6 that “the fact of the 2021 evergreened applications stands as yet further evidence of bad faith regarding all prior applications for the Wordless Mark and the Additional Wordless Marks” is also wholly unparticularised.
93. On the subject of the excel spreadsheet illustrating the scope of the later applications for registration, I accept Mr Brandreth’s submissions that it is plain that although there was an overlap between the original application and the later applications, those applications were different in scope, covering different goods and services and relating to a larger geographical area (the 2002, 2005 and 2007 filings were intended to cover the EU). If Tesco intended to rely on specific points of detail arising in these applications in support of its Bad Faith Allegation it should have pleaded them. However, it has not done so. Instead Mr Malynicz has simply addressed me on his feet as to examples of overlapping classes etc. on which Tesco relies – to my mind this is not appropriate or sufficient in a case where bad faith is alleged.
94. As to the second point, whilst *Hasbro* is authority for the proposition that bad faith need not turn on the issue of non-use, here the case that is actually pleaded by Tesco appears to my mind to be obviously premised upon the alleged lack of use of the Wordless Mark. As Tesco says in its Counterclaim at 48.2, “there was no reason for Lidl to re-apply for the same marks and goods/services other than to avail itself of a fresh grace period during which it would not be required to show use of, in effect, the same marks”. There is no other objective, relevant or consistent indicia of bad faith on which Tesco relies in this context.
95. In my judgment, there is nothing in Tesco’s pleading which can positively be said to be consistent only with bad faith and although Mr Malynicz’s submissions were couched in terms of “paradigm bad faith” and the existence of the “finger print” of dishonest practices, I did not in fact detect him to suggest (at least during his oral submissions) that any aspect of the Bad Faith Allegation was only consistent with bad faith. Indeed it was an important part of his submissions that Tesco needed to see Lidl’s disclosure and evidence in due course “to bottom out” the true position in any event.
96. In my judgment, the test to be applied by the court at this stage should not in any event be whether what is pleaded is consistent only with bad faith – that would be an extremely exacting standard at a preliminary stage. Instead, it seems to me that the question to be determined is whether the Bad Faith Allegation is, or may be, sufficient to shift the evidential burden and lead to the rebuttal of the presumption of good faith (see *Hasbro* at [43])). Applying that test, I do not consider that Tesco is able to establish that its Counterclaim as pleaded discloses reasonable grounds for making the Bad Faith Allegation. Mr Malynicz has been forced to make various concessions during his oral submissions as recorded above. Tesco’s case as now presented ultimately boils down to the proposition that in the event of it being established that the Wordless Mark was not used, the mere existence of the Mark with Text combined with the pleaded examples of “evergreening” is enough to shift the burden to Lidl to provide a plausible explanation of the objectives and commercial logic pursued by its applications for the Wordless Mark and the Additional Wordless Marks.

97. However, neither of these alleged indicia as pleaded, whether viewed alone or in combination, appears to me capable (without more) of shifting that burden. Neither is inconsistent with the presumption of good faith and, furthermore, neither comes close to raising a *prima facie* case that Lidl's "sole objective" was "inconsistent with the essential functions of a trade mark" (see *Skykick* at [52] and [117]). Insofar as Mr Malynicz sought to persuade me that it was not necessary on the authorities (and in particular *Hasbro*) to establish a sole motivation, I reject that submission.
98. Furthermore, it does appear to me that some parallels may be drawn between this case and the case of *Jaguar Land Rover*, as discussed in *Skykick*. In that case, Nugee J gave summary judgment in circumstances where he observed that merely identifying that a specification was overbroad would not be enough to overcome an application for summary judgment; instead it would be necessary to identify the narrower specification which it was said should have been used because:
- "Without such an alternative narrower specification, I do not think the case gets off the ground, bearing in mind that the charge of bad faith is akin to dishonesty and must be "fully and properly pleaded"" (*Skykick* at [75]).
99. By analogy, it seems to me that just as the mere breadth of a specification of goods and services is not one of the indicia of bad faith, so the mere existence of an overlapping trade mark or of subsequent re-registrations also cannot be sufficient; on the authorities something more must be required to rebut the presumption of good faith and to shift the evidential burden of proof.
100. Notwithstanding Mr Malynicz's reliance on the excel spreadsheet setting out details of the re-registrations during his oral submissions, Tesco has pleaded no particulars whatever to explain what it is about the individual re-registrations or the mere existence of the Mark with Text which raises the spectre of bad faith. To echo Nugee J, absent such detailed particulars, Tesco's Bad Faith Allegation does not get off the ground, given the need fully and properly to plead the charge of bad faith. A mere allegation of duplication of "various goods and services" does not appear to me to be sufficient.
101. Of course I appreciate that at trial an allegation of bad faith "must be the subject of an overall assessment, taking into account all the factors relevant to the particular case" (*Skykick* at [47]), but as Nugee J made clear in *Jaguar Land Rover* those factors must be properly pleaded by the party alleging bad faith and must give rise to a *prima facie* case. I do not consider that Tesco is able to satisfy this requirement and no suggestion was made during the hearing that Tesco wished to amend its pleading to provide more detailed particulars.
102. I would have arrived at this conclusion without the assistance of *McBride*, and I am in any event somewhat wary of applying the reasoning in *McBride* to this case. As Mr Malynicz rightly points out, *McBride* is an old case decided before the case law to which I have referred on bad faith. However, focussing purely on the legal issue as to use of the Wordless Mark, *McBride* appears supportive of the proposition that in circumstances where that legal issue is plainly arguable, the only available inference is that there has been an error of judgment at the time of

registration – that inference does not stretch to bad faith. I do not consider that Mr Malynicz gave me a satisfactory answer to this point.

103. The fact that Lidl appear themselves to have pleaded solus use in Further Information and that Mr Brandreth appeared to suggest during argument that there had been a brand refresh at the time of the re-registrations does not appear to me (contrary to Mr Malynicz’s submissions) to strengthen Tesco’s position. If in fact the Wordless Mark has been used solus then that would tend (as Mr Malynicz frankly acknowledged) to drive a horse and cart through his submissions on intention. Although it is not entirely satisfactory that explanations for the re-registrations were provided by Mr Brandreth whilst making his oral submissions, the key question for me is not the credibility or otherwise of any such explanations, but whether Tesco’s pleading as it stands discloses a real prospect of success on the Bad Faith Allegation. In my judgment, it does not, for all the reasons I have given.
104. In all the circumstances, I accede to Lidl’s application to strike out the Bad Faith Allegation in paragraphs 47-48 of Tesco’s Counterclaim pursuant to CPR 3.4(2)(a) and/or to grant summary judgment under CPR 24. I anticipate that this will also have knock on effects in respect of allegations made by Tesco (by way of outline of its case) in its Defence at paragraphs 4.10-4.13.

Strike out pursuant to CPR 3.4(2)(b)

105. My decision to strike out the Bad Faith Allegation on the grounds that it has no real prospect of success means that it is strictly unnecessary for me to consider the application to strike out on *Jameel* grounds.
106. However, in short, I would not have granted that application. A plea of invalidity by reason of bad faith is inherently different from a plea of revocation and has different consequences. If Tesco had the facts on which to make out such a plea, then it seems to me that it was entitled to do so: this is not a case where I could properly have determined that no real wrong had been committed or that “the game was not worth the candle”.
107. There is a dispute on the evidence relied upon by each party in the form of the second witness statement of Mr Whitehead and the witness statement of Mr Unterhalter, as to whether the costs of the Bad Faith Allegation are proportionate to the costs of the action as a whole, it being Lidl’s position that the costs cannot be justified where the pursuit of the Bad Faith Allegation “serves no purpose whatsoever” and adds nothing to Tesco’s case on revocation. I reject Lidl’s case on this for reasons I have given and I accept Tesco’s submission that the court is not in a position at this stage to take a view on the costs position and nor does it need to do so.

THE SURVEY EVIDENCE APPLICATION

108. The Survey referred to in paragraphs 9 and 31 of Lidl’s Reply and Defence to Counterclaim, together with the underlying raw data and an explanation of the methodology was served on Tesco on 16 April 2021. The Survey Evidence

Application was foreshadowed in Lidl's Directions Questionnaire dated 14 May 2021 which said this:

“Lidl intends to rely on survey evidence in respect of its own activities, reputation, and Marks. The Survey is focused and complies with the Court's guidance in such matters. It has been conducted in an open manner and the results in full disclosed to Tesco at an early stage, contained in an annex to Lidl's Reply. Lidl seeks the Court's permission to adduce evidence of that survey at Trial.”

109. There is no suggestion that the Survey Evidence Application involves a witness collection exercise.
110. In September 2021 Lidl served the witness statement of Mr Simon Sketchley, Head of Research, Connected Data of YouGov plc (dated 31 July 2021), dealing with the methodology used in conducting the Survey. The costs of carrying out the Survey (amounting to £7,750) were extremely modest.
111. Tesco objected to the Survey evidence from the outset and in advance of this hearing, Tesco served an expert report from Mr Philip Malivoire dated 23 March 2022 together with an application notice of the same date seeking permission to rely upon his evidence at this hearing on the grounds that his report “will be helpful to the Court” in determining the issue at stake. Essentially Mr Malivoire questions the value of the Survey to the Court and expresses the opinion that it cannot be relied upon. Tesco invites me to permit its application to rely on this evidence and to dismiss the Survey Evidence Application.
112. During the course of the hearing both sides took me to extensive correspondence between the parties with a view to establishing the propriety of their own conduct and the impropriety and blameworthiness of the other side's conduct in connection with the Survey Evidence Application and the attempted reliance upon expert evidence. Whilst much of this was somewhat unedifying, I shall have to return to the detail of it later in the context of considering the application to rely on Mr Malivoire's report.

The Survey

113. Mr Sketchley had responsibility for conducting the Survey. He expressly confirms in his statement that his role is not that of an expert witness, but rather to explain the facts relating to the conduct of the Survey.
114. Exhibited to Mr Sketchley's statement is the Survey itself in the form that recipients would have seen, together with chains of emails evidencing the instructions from Lidl to YouGov and the communications between Lidl and YouGov relating to the exercise of carrying out the Survey.
115. In summary, Mr Sketchley's evidence is as follows:
 - i) The Survey was conducted using a standard YouGov and industry process, which is set out in detail in a Methodology Report. It was administered via the YouGov panel which has around 1.8 million members in the UK.

- ii) The Survey was a stand-alone survey in the sense that participants only received questions from Lidl; it did not involve questions from other clients. No hints were given at the outset which might have influenced the participants.
 - iii) The questions and artwork for the Survey were supplied by Lidl. The questions are said by Mr Sketchley to be “all open questions with free text answers”.
 - iv) Mr Sketchley was instructed by Lidl that the intention was to capture results from people who were grocery shoppers from a nationally representative demographic. In circumstances where it was YouGov’s understanding from past research that, on average, circa 91% of the national population (of 18 years and over) are responsible for grocery shopping in their households, either solely or jointly, it estimated that to achieve Lidl’s original intended target of at least 1000 grocery shoppers from a national sample it needed a national representative sample of at least 1,100 respondents. Lidl subsequently revised its target upwards to 1,250 and so YouGov sent invitations out to 1,540 randomly selected panellists. Full responses were received from 1,252 panellists (in line with YouGov’s expected response rate of 81%). Where partial responses were provided, these are provided in the Methodology Report.
 - v) The results from the Survey exercise were provided to Lidl as raw data and also in coded form having regard to coding instructions supplied by Lidl to YouGov. The coding sought to allocate responses into different coding “buckets” or categories.
 - vi) Following the Survey, YouGov engaged in a weighting process which involved looking at the respondents to the Survey and assessing how close the Survey had come to hitting demographic target quotas from the sources set out in the Methodology Report. In the case of this Survey the participation was very close to a nationally representative demographic, but owing to the fact that it was not a perfect match, YouGov carried out a weighting process and provided both weighted data and unweighted “raw” data in two excel documents.
116. The Survey stated at the outset that the participant would be asked about “an image” and that the Survey would take 2-4 minutes to complete. Participants were invited to click the forward button to continue. It was confirmed by Lidl during the hearing that once the forward button had been clicked (including after responding to each question) it was impossible to go back such that there was no opportunity once a question had been answered and the participant had moved on to revisit that question (perhaps because a participant had thought better of his or her original answer upon seeing later questions).
117. There were essentially three main questions, each of which was illustrated with an image of the Wordless Mark. They were as follows:
- i) “For the following question, please take a look at the image below before answering the question that follows.” The Wordless Mark was then

illustrated. The question was then posed: “What do you think this image is? (Please type your answer in the box below, providing as much detail as occurs to you)” (“**The First Question**”). The participant was then required to click on a forward button.

- ii) “As a reminder, please take a look at the image below before answering the question that follows.” The Wordless Mark was then illustrated again. The question was then posed: “Now, please imagine that this image was used as a company’s brand...Which company would you expect it to be? (Please type your answer in the box below)” (“**The Second Question**”). The participant was then required to click on a forward button.
- iii) “As a reminder, please take a look at the image below before answering the question that follows.” The Wordless Mark was then illustrated for a third time. The question was posed: “Now, please imagine that you saw this image in or around a supermarket...Which supermarket would you expect it to be? (Please type your answer in the box below)” (“**The Third Question**”). The participant was then required to click on a forward button.

118. The participants were given as much space as they needed to write their responses, without space or time limit.

119. The final page of the Survey then asked for details about the participant’s involvement in grocery shopping:

“Thinking about the household grocery shopping, which of the following statements best applies to you?

- I am the sole grocery shopper in my household
- I am in part responsible for grocery shopping in my household
- I am not responsible at all for grocery shopping in my household”

The participant was required to tick the option that best applied.

120. Responses to the questions in the Survey appear overwhelmingly to have identified Lidl. Thus in answer to Question 1, 73% mentioned Lidl alone, while another 2% mentioned Lidl together with another brand. In answer to Question 2, 76% mentioned Lidl alone with another 3% mentioning Lidl together with another brand. In answer to Question 3, 80% of responses mentioned Lidl alone with another 3% mentioning Lidl together with another brand.

121. Lidl submits that these responses (and in particular the responses to Question 1) are consistent with – and only consistent with – the Wordless Mark being perceived as, and relied upon, as a distinctive identifier of Lidl’s business and goods. Indeed Lidl also submits that the Survey is directly probative of large parts of its case because each of its claims (relating to copyright, passing off and trade mark infringement) have in common the question of whether consumers recognise the Wordless Marks as identifying the business, goods and services of Lidl.

The law on the admissibility and use of survey evidence

122. The rules for the conduct of a survey which would be capable of assisting the court at trial were set out in *Imperial v Philip Morris* [1984] RPC 293 at 302-303, per Whitford J, and have become known as “**the Whitford Guidelines**”. They have subsequently been endorsed by the Court of Appeal in *Interflora 1* (*Interflora v Marks & Spencer* [2012] EWCA Civ 1501 (“*Interflora 1*”)), a case primarily concerned with the calling of witnesses obtained by means of a survey, without reliance on the survey itself (see Floyd LJ in *Zee Entertainment Enterprises Ltd v Zeebox Ltd* [2014] EWCA Civ 82 at [27]). In *Interflora 1* Lewison LJ summarised the Whitford Guidelines at [61] as follows:

“i) if a survey is to have any validity at all, the way in which the interviewees are selected must be established as being done by a method such that a relevant cross-section of the public is interviewed;

ii) any survey must be of a size which is sufficient to produce some relevant result viewed on a statistical basis;

iii) the party relying on the survey must give the fullest possible disclosure of exactly how many surveys they have carried out, exactly how those surveys were conducted and the totality of the number of persons involved, because otherwise it is impossible to draw any reliable inference from answers given by a few respondents;

iv) the questions asked must not be leading; and must not direct the person answering the question into a field of speculation upon which that person would never have embarked had the question not been put;

v) exact answers and not some sort of abbreviation or digest of the exact answer must be recorded;

vi) the totality of all answers given to all surveys should be disclosed; and

vii) the instructions given to interviewers must also be disclosed.”

123. Lewison LJ then proceeded to conduct a comprehensive analysis of earlier cases in which parties had sought to rely on survey evidence (including in conjunction with witness evidence), concluding at [135] that the upshot of his review established that such evidence was “generally of little or no value”, sometimes doing no more than confirming “the conclusion that the judge would have reached without the evidence”.

124. However, earlier in his judgment at [35], Lewison LJ observed that:

“In cases where acquired distinctiveness of a mark is in issue a survey may accurately identify that proportion of the relevant public which recognises the mark as a badge of trade origin. It will then be for the fact finding tribunal, with the aid of such a survey, to decide whether a significant proportion of the relevant public identify goods as

originating from a particular undertaking because of the mark: see *Windsurfing Chiemsee Produktions-und- Vertriebs GmbH v Boots-und-Segelzubehor* (C-108/97) [1999] E.C.R. I-2799; [1999] E.T.M.R. 585 at [52], [53].”

125. Lewison LJ returned to the issue of distinctiveness when referring (at [122]-[123]) to the decision of Etherton J in *D Jacobson & Sons Ltd v Globe Ltd* [2008] FSR 21 (“*Jacobson*”), where the judge held that a survey was statistically reliable and of considerable help on the question of whether the mark was distinctive.

126. Having expressed the view following his analysis of the cases that survey evidence was generally of little or no value, Lewison LJ nevertheless said this at paragraph [137], again singling out the potential for the issue of distinctiveness to be treated differently:

“That is not to say that there can never be evidence called in a case of trade mark infringement. The court may need to be informed of shopping habits; of the market in which certain goods or services are supplied; the means by which goods or services are marketed and so on. In addition I must make it clear, however, that different considerations may come into play where:

i) evidence is called consisting of the spontaneous reactions of members of the relevant public to the allegedly infringing sign or advertisement;

ii) evidence from consumers is called in order to amplify the results of a reliable survey;

iii) the goods or services in question are not goods or services supplied to ordinary consumers and are unlikely to be within the judge’s experience;

iv) **the issue is whether a registered mark has acquired distinctiveness**; or

v) where the cause of action is in passing off, which requires a different legal question to be answered.” (**emphasis added**).

127. At [138] Lewison LJ went on to say that he would not accept the proposition that evidence from respondents to a questionnaire could never be called in the absence of a statistically valid and reliable survey and that he would not therefore hold such evidence to be inadmissible as a matter of law. However, as he pointed out at [139]-[142] the CPR permits the court to control the evidence to be placed before it (including to exclude evidence that would otherwise be admissible) (CPR 32.1) and it also requires the court actively to manage cases and to consider whether the “likely benefits of taking a particular step justify the cost of taking it” (CPR 1.4).

128. Even if the evidence is technically admissible, a judge should not let the evidence in unless she is satisfied that (a) it would be valuable, and (b) the likely utility justifies the costs involved (paragraph [144]). The test to be applied is a cost benefit test. In deciding whether to give permission Lewison LJ said at [150]:

“the court must evaluate the results of whatever material is placed before it. Only if the court is satisfied that the evidence is likely to be of real value should permission be given. The reliability of the survey is likely to play an important part in that evaluation. Even then the court must be satisfied that the value justifies the cost.”

129. Where permission is sought to rely on a survey, Lewison LJ said that the applicant should provide the court with the results of any pilot survey, evidence that any further survey will comply with the Whitford Guidelines and the cost of carrying out the pilot survey and the estimated cost of carrying out the further survey (paragraph [151]). The value of survey evidence, as Lewison LJ observed when the case returned to the court of appeal subsequently in *Interflora 2 (Interflora Inc v Marks & Spencer Plc (No. 2))* [2013] EWCA Civ 319 (“*Interflora 2*”), will be “severely diminished, if not eliminated, by a failure to follow the Whitford guidelines” (paragraph [21]).

130. Pausing there, Lidl has taken a different approach in this case to that identified by Lewison LJ in *Interflora 1*; it has carried out the Survey without obtaining the permission of the court, without carrying out a pilot survey and without making any application to rely upon the Survey until long after it was provided. This has been the subject of robust criticism from Tesco, to which I shall return shortly.

131. In overturning the decision of the judge at first instance to permit reliance upon witness evidence purporting to evidence “confusion in the real world”, Lewison LJ returned to the topic of survey evidence in *Interflora 2*, saying this at [26]:

“With the benefit of hindsight, perhaps I did not make my message clear enough in *Interflora 1*. Let me say it again, but more loudly. A judge should not let in evidence of this kind unless the party seeking to call that evidence satisfied him (a) that it is likely to be of **REAL** value; and (b) that the likely value of the evidence justifies the cost.”

132. At paragraph [29] Lewison LJ went on to emphasise the need to make an application in relation to such evidence “as early in the case as possible”. At paragraph [30] he noted the recasting of the overriding objective to include the need to deal with cases justly and at proportionate cost, observing “This will make it all the more important for judges to exercise their power to limit or exclude technically admissible evidence which is not of real value.”

133. In a very short assenting judgment, Sir Robin Jacob said at [33]:

“This decision does not mean that the days of survey evidence are over. It is possible to conduct fair surveys and they may indeed lead to witnesses of value....But if the survey amounts to no more than scratching around for something and produces so little as this one has, then there is every good reason in common sense and procedural economy for excluding it along with any resultant witnesses”.

134. In *Zeebox*, a case involving an application for permission to adduce survey evidence in relation to a claim of alleged passing off, Floyd J observed that the real value test identified in *Interflora 1* is “primarily directed to the value of the evidence, its weight in the scales” (paragraph [27]). He went on to say that the

reliability of the survey “forms an important part of the real value determination”, but the court must also satisfy itself that the value justifies the cost (paragraph [28]). However, the real value test is not intended to invite the court to evaluate the likely outcome of the case at the interim stage:

“[30]...although the real value test compounded in the *Interflora* cases does not make it necessary to scrutinise the strength of the claimant’s case, it does require the judge to scrutinise the value of the survey as evidence”.

135. Thus it is clear from *Zeebox*, that concluding that it is foreseeable that a trial judge may come to either the view that the evidence has value or to the view that it does not is insufficient. It is necessary to arrive at a conclusion on the available material as to whether the survey is likely to give rise to evidence of real value (paragraph [42]-[43]). Having considered the survey evidence and expert criticisms of that survey, the Court of Appeal excluded the survey evidence on the grounds that it was too artificial, with the stimulus and circumstances of the survey far removed from the real world consumer experience. I shall need to return to this in due course.

136. In *Enterprise Holdings Inc v Europcar Group UK Ltd* [2014] EWHC 2498 (“*Enterprise*”), Morgan J dealt with an application to adduce survey evidence of acquired distinctiveness and reputation in a case of trade mark infringement and passing off. In doing so, he began by deriving the following propositions from the decision of *Société des Produits Nestlé SA v Cadbury Ltd* [2014] ETMR 17 (“*Nestlé*”) as to the evidence which may be relevant in a dispute as to whether a mark has acquired a distinctive character as a result of its use (paragraph [17]):

“(1) for a trade mark to possess distinctive character, it must serve to identify the goods and services, in respect of which registration is applied for, as originating from a particular undertaking and thus to distinguish the goods or services from those of other undertakings;

(2) the distinctive character of a trade mark must be assessed by reference to

(i) the goods or services in respect of which registration is applied for and

(ii) the perception of the average consumer of those goods or services, who is deemed to be reasonably well-informed and reasonably observant and circumspect;

(3) the criteria for assessment of distinctive character are the same for all categories of trade marks, but nevertheless the perception of the relevant public is not the same for all categories of trade marks and it may therefore be more difficult to establish distinctive character in relation to some categories (such as shapes, colours, personal names, advertising slogans and surface treatments) than others;

(4) in assessing whether a trade mark has acquired a distinctive character the competent authority must make an overall assessment

of the relevant evidence, which in addition to the nature of the mark may include (i) the market share held by goods bearing the mark, (ii) how intensive, geographically widespread and long-standing the use of the mark has been, (iii) the amount invested by the proprietor in promoting the mark, (iv) the proportion of the relevant class of persons who, because of the mark, identify the goods or services as emanating from the proprietor, (v) evidence from trade and professional associations and (vi) **(where the competent authority has particular difficulty in assessing the distinctive character) an opinion poll**. If the relevant class of persons, or at least a significant proportion of them, identifies goods or services as originating from a particular undertaking because of the trade mark, it has acquired a distinctive character;

(5) with regard to the acquisition of distinctive character through use, the identification by the relevant class of persons of the product or service as originating from a given undertaking must be as a result of the use of the mark as a trade mark; the expression “use of the mark as a trade mark” refers solely to use of the mark for the purposes of the identification, by the relevant class of persons, of the product as originating from a given undertaking;

(6) a trade mark may acquire a distinctive character in consequence of the use of that mark as part of or in conjunction with another trade mark (which may itself be a registered trade mark)...” (emphasis added).

137. At paragraph [18], Morgan J also referred to guidance given by the CJEU in *Oberbank AG v Deutsche Sparkassen-und-Giroverband eV* (Joined Cases C-217/13 and 218/13; EU:C:2014:2012) (19 June 2014) (“*Oberbank*”) as to the evidence which may be relevant for the purpose of establishing that a mark has acquired a distinctive character as a result of its use, as follows:

“(1) on the question as to how to determine whether a mark has acquired a distinctive character through use, the competent authority for registering trademarks must carry out an examination by reference to the actual situation and make an overall assessment of the evidence that the mark has come to identify the goods or services concerned as originating from a particular undertaking;

(2) that evidence must relate to use of the mark as a trade mark, that is to say for the purposes of such identification by the relevant class of persons;

(3) in the context of that assessment, the following items may, inter alia, be taken into consideration: the market share held by the mark in question; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identifies goods or services as originating from a particular undertaking; and statements

from chambers of commerce and industry or other trade and professional associations;

(4) if, on the basis of those factors, the competent authority finds that the relevant class of persons, or at least a significant proportion thereof, identifies goods or services as originating from a particular undertaking because of the trade mark in question, it must in any event hold that the requirement laid down in art.3(3) of Directive 2008/95 for the mark not to be excluded from registration or declared invalid is satisfied;

(5) the law does not preclude the competent authority, where it has particular difficulty in assessing the distinctive character acquired through use of the mark in respect of which registration or a declaration of invalidity is sought, from having recourse, under the conditions laid down by its own national law, to an opinion poll as guidance for its judgment;

(6) if the competent authority finds it necessary to resort to such a survey, it must determine the percentage of consumers that would be sufficiently significant;

(7) the circumstances in which the requirement concerning the acquisition of a distinctive character through use, under art.3(3) of Directive 2008/95, may be regarded as satisfied cannot be shown to exist solely by reference to general, abstract data such as predetermined percentages;

(8) in an overall assessment of the evidence that the mark has acquired a distinctive character through use, it may indeed appear, inter alia, that the perception of the relevant public is not necessarily the same for each of the categories of marks and that, accordingly, it could prove more difficult to establish the distinctive character, including distinctiveness acquired through use, of trade marks in certain categories than that of those in other categories;

(9) the difficulties in establishing distinctive character which may be associated with certain categories of marks because of their nature—difficulties which it is legitimate to take into account—do not justify laying down stricter criteria supplementing or derogating from application of the criterion of distinctiveness as interpreted in the case-law on other categories of marks;

(10) it is not possible to state in general terms, for example by referring to predetermined percentages relating to the degree of recognition attained by the mark within the relevant section of the public, when a mark has acquired a distinctive character through use and that, even with regard to contourless colour marks, **and even if a consumer survey may be one of the factors to be taken into account when assessing whether such a mark has acquired a distinctive character through use, the results of a consumer survey cannot be the only decisive criterion to support the**

conclusion that a distinctive character has been acquired through use” (emphasis added).

138. Morgan J went on to observe at paragraph [21] that evidence which may be relevant when a court is determining whether a mark has acquired a distinctive character may include “an opinion poll or a survey where the court has particular difficulty in assessing the distinctive character acquired through use of a mark”. I shall return later to more recent statements by the court as to the test to be applied in determining distinctiveness.
139. At paragraphs [25]-[35], Morgan J reviewed the approach of the courts in this jurisdiction to survey evidence, referring to *Interflora 1*, *Interflora 2* and *Zeebox*. He then observed at [33] that Enterprise had sought to argue that the gatekeeper test to be applied in the case of a distinctiveness survey should be different from, and less strict than, the test to be applied in the case of a confusion survey. However, he disagreed, saying this:

“33....The reasoning in *Interflora 1* applies equally to both types of survey of consumers in relation to trade marks. However, although the test is the same, the result of applying the test may vary depending on the subject matter of the survey. In the case of a survey as to confusion, the question whether the survey is likely to be of real value may readily be answered in the negative in a case where the goods or services in question are ordinary consumer goods or services and the judge feels that there will be no real difficulty in the court determining the issue of confusion without a survey. Conversely, in the case of a survey as to acquired distinctiveness, the court may feel that it is not able to determine such a dispute based on its own experience and/or the court may feel the need to guard against an idiosyncratic decision. A further possible distinction between a confusion survey and a distinctiveness survey is that the former may involve a prediction as to the likelihood of something happening whereas a distinctiveness survey addresses the issue of whether something has happened.

34 Further, I consider that whether the survey in question relates to distinctiveness or confusion, the court must consider whether it is likely that the survey will be held at trial to be a valid survey. If the court considers that the survey is unlikely to meet that requirement then, as a robust gatekeeper, the court must rule that such a survey may not be admitted at the trial. This may not be an easy question for the court, particularly where the court has a conflict of expert evidence on the validity of the survey. There is no suggestion that the court should allow cross-examination of the competing experts and the court will have to do the best it can to decide, on the documents alone, the likelihood of the survey being held valid at a trial. That seems to have been the approach adopted by the Court of Appeal in *Zeebox*.”

140. At paragraph [35], Morgan J went on to consider the second part of the *Interflora 1* test, namely the cost/benefit analysis, saying this:

“...It may have been assumed in *Interflora 1* that most surveys would not pass the “likely to be of value” test so that robust gatekeeping at the interlocutory stage would save the parties the expense of the matter being considered at a trial. Of course, if that assumption is not appropriate in a particular case, because the gatekeeping judge nonetheless allows a party to rely on a survey at a trial, then the interlocutory stage will increase the costs of the litigation. Further, it seems to have been assumed that the cost of the gatekeeping function would be comparatively modest by comparison with the cost of dealing with survey evidence at the trial. That will not always be so.”

141. Drawing the strings of these authorities together I glean the following propositions, relevant to the exercise I must undertake in dealing with the Survey Evidence Application, all of which I bear firmly in mind:

- i) The Whitford Guidelines and the general principles set forth in *Interflora 1* and *Interflora 2* on the approach to survey evidence apply to cases involving “distinctiveness” surveys.
- ii) However, the result of applying the *Interflora* test may depend on the nature of the evidence that is sought to be collected by the survey – thus the result may be different in a case involving a question of acquired distinctiveness from the result in a case involving confusion. All cases must be considered by reference to their own particular facts.
- iii) In considering an application to rely on survey evidence, the court must:
 - a) Consider whether the survey evidence is likely to be of real value at trial – i.e. whether it is likely to have real weight when placed in the scales. A key consideration in this context is the reliability of the survey, which in turn requires an assessment of the extent to which the Whitford Guidelines have been followed. A failure to follow those guidelines will “severely diminish”, if not “eliminate” its value.
 - b) Even if the survey surmounts the first hurdle and is considered likely to be of real value at trial, it remains necessary to consider whether that likely value justifies the costs involved.

Is the Survey likely to be of real value?

142. The report of Mr Malivoire (“**the Report**”), described in various cases as “probably the most experienced English expert in this field”, goes directly to this question and so I must begin by considering whether to permit Tesco’s application to rely on that evidence.

The Application to rely upon the Report of Mr Malivoire

143. Lidl resists the application essentially for two main reasons, first that the Report has been served “inexplicably and unjustifiably late”, such that Lidl has had no opportunity to respond with its own expert evidence and, second, that the Report is in any event equivocal and incapable of assisting the court.

144. As to the first matter raised by Lidl, I heard extensive submissions from the parties on the correspondence between the parties (which each side prayed in aid in support of its position) and must therefore set out a summary of what appears to have taken place between them:
- i) Lidl sought from the outset to engage with Tesco on the subject of its survey evidence, seeking its consent from as early as 22 April 2021 to the Survey being admitted in evidence.
 - ii) Tesco did not immediately object, although it did point out in its solicitors' letter of 30 April 2021 that Lidl had failed to obtain advance permission from the court (as is required by the *Interflora 1* guidelines), emphasising the importance of the "real value at proportionate cost test". In the same letter, Tesco sought disclosure to enable it to consider the matter further and it pointed out that one difficulty with the Survey was that it was unsupported by any expert report. In the meantime, Tesco raised various queries about compliance with the Whitford Guidelines and sought information as to the cost of the Survey.
 - iii) By its Directions Questionnaire of 14 May 2021 and in a letter from its solicitors dated 20 May 2021, Lidl acknowledged that permission would be required from the court if it was to rely on the Survey at trial. It has never issued a formal application notice, but indicated in its Directions Questionnaire that it sought the court's permission to adduce the Survey at trial. In the same letter, Lidl acknowledged that evidence would be needed in support of the Survey in due course but said that this would be factual evidence, observing that "[w]e do not think expert evidence is required in this case because the survey is short and the subject matter uncomplicated". The draft case management order annexed to Lidl's Directions Questionnaire contained a provision for directions to adduce the Survey evidence. Lidl asked Tesco to make its proposals for reliance on expert evidence, if it intended to do so.
 - iv) In a letter dated 4 June 2021, Tesco's solicitors again requested disclosure in relation to the Survey "to inform our client's decision as to the stance it will take on that application". They narrowed their original request for material relating to other surveys carried out by Lidl to encompass only surveys designed to test reactions to the Wordless Mark. Further they informed Lidl that Tesco intended to seek permission to rely on expert evidence insofar as the Survey evidence was permitted by the court.
 - v) On 23 September 2021, Lidl provided Tesco with the statement of Mr Sketchley and, at the same time, invited Tesco to consent to the Survey being admitted by 6 October 2021. No consent was received. Instead on 18 October 2021, Tesco's solicitors wrote to Lidl again expressing dissatisfaction at the way in which the issue of the Survey evidence had been handled and confirming that having considered the information provided by Lidl, Tesco did not consent to the Survey. The letter pointed out that "the onus is on [Lidl] to satisfy the court that the survey is admissible" and stated that "In addition to procedural deficiencies with your client's survey, we do not consider that it is likely to be of REAL value at

proportionate cost”. Tesco’s solicitors invited Lidl to make an appropriate application to the court to rely on the Survey evidence.

- vi) Although Lidl’s response to this letter raised concerns over the absence of any clear indication as to the “procedural deficiencies” to which Tesco was referring or the specific reasons why the Survey would not have real value, it should by now have been clear to Lidl that its desire to rely on the Survey was opposed and that an application to the court would be required (as indeed had always been the case). Given that Lidl has the burden of satisfying the court as to the real value of the Survey, it should also have given careful consideration at this point to the question of what evidence it would require in support of its application, including evidence to justify the real value of the Survey.
- vii) However, Lidl insisted that there was no need for “a standalone application” to the court, arguing that the evidence on which the parties would rely was a “case management matter” and it served no further evidence. In the meantime, it persisted in seeking a clear explanation for Tesco’s opposition, which it says it did not receive. In the end, the matter was listed to be heard together with the Strike Out Application at a two day hearing further to an order made by Master Pester at a case management conference on 3 November 2021.
- viii) Nothing further was received from Tesco until a letter dated 7 March 2022, seeking further information in relation to the Survey and notifying Lidl (four weeks before the hearing) of its intention to rely on a “short expert report” in relation to the Survey evidence at the hearing and seeking consent to so rely. Lidl responded on 8 March seeking a copy of the report by 11 March so as to enable informed instructions to be taken. There was no suggestion that if Tesco intended to rely upon a report, Lidl wanted to have the same opportunity.
- ix) On 9 March 2022, Tesco indicated that its report would not be ready by 11 March 2022 and made it clear that the sooner it received the information it was seeking, the sooner the report would be available.
- x) On 16 March 2022, Lidl provided the information requested in the 7 March 2022 letter (some of which it said had been provided previously) and complained that it still had no idea of the basis for any objection by Tesco. It sought an explanation of the grounds for Tesco’s objection by 18 March and provision of the report by 22 March. There was still no suggestion that Lidl wished to obtain its own expert evidence.
- xi) On 18 March 2022, Tesco pointed out that it had still not received some of the information it was requesting and sought an urgent response, which was provided on the same day.
- xii) On 23 March 2022, Tesco served the Report on Lidl, together with the second witness statement of Mr Whitehead.

xiii) On 25 March 2022, Lidl wrote a long letter complaining that it was now too late for it to respond to the expert evidence substantively and setting out in detail the chronology of the parties' interactions on the subject of the Survey evidence since April 2022.

145. In light of the correspondence, I disagree that the Report was served inextricably and unjustifiably late for the following reasons:

- i) The burden of applying to the court and obtaining permission to rely on the Survey at trial was always a burden that rested with Lidl. Whilst Lidl included reference to its intention to rely upon the Survey evidence at trial in its Directions Questionnaire, it might have been preferable to have issued a formal application notice to rely on the Survey (at the same time as, or immediately following, service of its Reply), particularly where Lidl had chosen not to adopt the approach identified by Lewison LJ in *Interflora 1* of seeking the court's permission in advance. The issue of a formal application notice would have required Lidl to focus on the grounds for the application, together with the evidence that might be needed in support.
- ii) As to that evidence, Lidl should have given careful consideration to the nature of the evidence on which it wished to rely (including expert evidence) in support of that application (always bearing in mind the test that the court would apply and the fact that the burden of establishing real value at proportionate cost would lie on Lidl's shoulders).
- iii) Whilst it was no doubt sensible in all the circumstances to try to avoid a contested hearing if possible, when it became clear (at the latest by 18 October 2021) that Tesco intended to oppose the application, Lidl should have appreciated that it now needed to ensure that it had all the evidence it wished to rely upon to satisfy the court that the Survey was likely to be of real value and that its value would justify the cost.
- iv) Tesco made clear on 18 October 2021 that it considered there to be procedural deficiencies with the application and that it did not consider the Survey likely to be of real value at proportionate cost – the very test the court must now apply. I do not consider that as the party with the burden of establishing these matters before the court, Lidl was entitled to take the view that it need do nothing further in the way of supporting its application with evidence until it had a clearer explanation from Tesco as to the precise nature of the points it would be relying upon in opposition.
- v) In any event, it seems that Lidl had in fact decided that it did not require expert evidence in addition to the factual evidence contained in Mr Sketchley's statement. It said as much in its letter of 20 May 2021 and there is no indication in the correspondence that it ever changed its view on this.
- vi) Lidl agreed to a hearing being listed without any suggestion that it wished to serve further evidence and without any attempt to provide for directions as to the exchange of evidence with Tesco. Master Pester's Order of 3 November 2021 merely provided for a further case management hearing to be listed to "dispose of...Lidl's request for directions as to the Survey".

- vii) When Lidl was told in early March 2022 that Tesco wished to rely on expert evidence in opposition to the Survey Evidence Application (with a month to spare before the hearing) it said nothing about its intention in such circumstances to obtain its own evidence. Instead it sought to impose deadlines for the service of Tesco's evidence – which was ultimately provided 24 hours after the 22 March 2022 deadline imposed by Lidl.
 - viii) It follows that I disagree that Tesco behaved improperly in relation to the service of its expert evidence. Lidl had made clear to Tesco that it did not intend to rely upon expert evidence and, in the circumstances, I do not consider that a month's notice of Tesco's own intentions was unreasonable.
 - ix) It may be the case that Lidl has been unable to instruct an expert to respond to the Report in the time since the Report was served on 23 March 2022, but ultimately if it thought it needed expert evidence to justify its application, it should have served it long ago.
146. I can deal with Lidl's second objection to the Report rather more shortly. It is common ground that the court has a general discretion as to whether to permit expert evidence under CPR 35. The three stage test to be applied is (i) whether the expert evidence is necessary to determine an issue – usually a pleaded issue - in which case it should be admitted; (ii) whether, even if the evidence is not necessary, it will assist the court in resolving the issue; and (iii) whether, if it will assist the court but is not necessary, it is reasonably required to resolve the proceedings (or in this case, the issue) (*British Airways Plc v Spencer* [2015] EWHC 2477 (Ch) at [68]). The burden lies on the party seeking to adduce expert evidence to persuade the court that such evidence will assist the court (see *Clarke (Executor of the Will of Francis Bacon) v Marlborough Fine Art (London) Ltd* [2002] EWHC 11 (Ch) at [5]).
147. Tesco does not suggest that the Report is necessary to determine the Survey Evidence Application. It puts its case no higher than that the Report is “helpful”, a submission which Lidl rejects, pointing out that because of the timing of the Report's service it is untested by opposing evidence and its thrust is in any event equivocal. Lidl submits that it would be wholly unfair to permit reliance upon the Report in these circumstances. I disagree. In my judgment Tesco is not to be criticised for the manner in which it has gone about the preparation of the Report, for reasons I have already identified. Lidl has no one but itself to blame for the fact that it has no expert evidence to support its own application to rely on the Survey evidence.
148. Having considered the Report *de bene esse* for the purposes of determining Tesco's application, I am satisfied that (although it has a number of shortcomings to which I shall return) it is capable of providing some assistance in determining the Survey Evidence Application and that, given the nature of the application, it is, on balance, reasonably required fairly to resolve the issue, not least because it clearly articulates the reasons why Tesco says that the Survey is unreliable and so is unlikely to have any real value at trial. I appreciate that I must approach the report with a little care in circumstances where it is untested and further I have no doubt that it would have been better to have had a level playing field in the sense of seeing expert reports on both sides (although, I would still have been faced

with trying to determine which of the reports was more likely to be reliable; the challenge with which Morgan J was faced in *Enterprise*).

149. However, where Lidl chose not to rely upon expert evidence in support of its application, I see no reason to exclude Tesco's evidence on that ground alone. Further, I note in this regard that Mr Brandreth was able to make detailed submissions in his skeleton argument as to why it is said by Lidl that Mr Malivoire's evidence is equivocal; during his oral submissions he acknowledged that he could look at the report and submit that it went nowhere. In short, Lidl was well able to respond to the evidence in the Report and the court is well able to take a view as to its ultimate value.
150. In all the circumstances, Tesco's application to rely upon the Report is granted.

The grounds on which it is said that the Survey is of no real value

Procedural Criticism:

151. Tesco raises various points in opposition to the Survey being admitted in evidence. The first is procedural and concerns the manner in which Lidl has gone about seeking to rely on the Survey – namely without obtaining the court's permission in advance as envisaged by *Interflora 1* at [149].
152. Whilst it is common ground that Lidl has not sought the permission of the court in advance of carrying out the Survey (and this is not a case in which there is any suggestion of a pilot survey being conducted) nevertheless, I do not consider that, in itself, to be a reason to exclude it from evidence. At paragraph [149], Lewison LJ expressly provided that a party may conduct a pilot survey at its own risk as to costs and that “no further survey may be conducted **or adduced in evidence** without the court's permission” (**emphasis added**). I do not read this as a prohibition on parties ever conducting surveys without the permission of the court. Parties are of course entitled to take whatever steps they think fit in the pursuit of evidence which may assist their case, always subject to the risk that ultimately they may have to bear the costs of those steps. In *Interflora 1* and *Interflora 2*, Lewison LJ very clearly articulated the need for any party wishing to rely on survey evidence properly to justify that reliance by reference to the test he there set out. If a party cannot do that, then the evidence will not be permitted and that party's costs of the application for permission (and where a survey has already been obtained, the costs of the survey) will not be recoverable.
153. Obviously where a survey is likely to prove very expensive, the value of a pre-existing pilot survey is in dispute and there are serious issues between the parties as to the value of carrying out the survey itself, it makes obvious sense to apply to the court for its permission to conduct the survey in advance of expending the considerable costs of doing so. However, Lewison LJ expressly envisaged in paragraph [149] the possibility that there would be cases where an application would be made to adduce an existing survey into evidence, just as he acknowledged in paragraph [147] that “the court cannot make any order without some material on which to base its decision”.

154. In this case, the nature of the Survey (at very modest cost) is very different from the survey evidence with which the court was concerned in *Interflora 1* (collected from members of the public interviewed in the street) and it does not depend on a pilot survey. The cost/benefit analysis which no doubt justifies the approach of seeking permission from the court in many cases before any substantial outlay of costs, does not appear to me to be a similar driver in a case involving a much cheaper exercise, just as the need for the court to have material on which to base its decision would tend to support the production to the court of a one-off survey at the application for permission stage (certainly on the facts of this case).
155. Mr Malynicz submits that there has never been an attempt to rely on what he referred to as a “home survey” of this type and that I should be wary of the siren call to move away from the standard procedure laid down in *Interflora 1* and of accepting an entirely new approach to survey evidence. However, I reject the suggestion that I am in any way failing to apply the clear guidance given by the Court of Appeal in that case. On the contrary.
156. Ultimately, when I questioned Mr Malynicz as to the import of the procedural points he was making, his response was that they were “a factor” to be taken into account in exercising my overall discretion as to real value and that they puncture any possible objection to Tesco’s application to rely upon Mr Malivoire’s Report. I have already held that the Report may be admitted into evidence and I now turn to the exercise of my discretion on the issue of real value.

Substantive Criticism:

157. The remainder of Tesco’s criticisms are directed towards establishing that the Survey has no value in the context of this case. In summary they are threefold:
- i) The Survey used the wrong stimulus and was conducted under artificial circumstances;
 - ii) Even when taken at face value, the Survey could only demonstrate mere recognition of the Wordless Mark following a prompt. It is insufficient to demonstrate acquired distinctiveness;
 - iii) The Survey fails to comply with a number of the Whitford Guidelines, thereby demonstrating its unreliability;
158. I shall deal with each of these criticisms in turn.

The Survey used the wrong stimulus and was conducted under artificial circumstances

159. I have already referred to *Zeebox*, a case in which two pilot surveys had been carried out among the Asian community and an application then made to the court by the claimants for permission to carry out a full survey and to adduce evidence relating to that survey from witnesses at the trial of the action in support of a passing off claim. Zee TV is a satellite and cable television channel; Zeebox launched an app marketed under the name Zeebox which did not enable users to watch TV but essentially made watching TV a more social experience.

160. The survey questions were framed in such a way as to invite the participants' attention to the fact that the Zeebox word and logo set out was "the name of an app relating to TV [or a website relating to TV]". They did not provide any information as to the nature of Zeebox's service, so that participants would not be aware that Zeebox was a cross-channel service and unlikely to be associated with an individual TV channel.
161. The Court of Appeal held that this was a powerful criticism of the surveys which undermined their results. At [44], Floyd LJ said this:
- "The surveys were conducted under artificial circumstances. This is, of course, one of the underlying reasons why survey evidence of this kind is treated with special caution. However, the survey should be designed so that the artificiality of the survey situation does not introduce factors which would not be present in normal use of the disputed mark. Passing off is, after all, as Mr Roberts submitted, a real world cause of action and the circumstances of the real world need to be present, so far as possible, in the survey's circumstances."
162. Floyd LJ went on to point out (by reference to an expert report from Mr Malivoire) that inappropriate stimulus had been given to interviewees to prompt speculation and maximise the number of interviewees who would associate Zeebox with Zee TV; further (at [48]) that "the circumstances of the survey were very far removed from any real context in which a purchaser might encounter and download the respondent's app...". At [62] Lewison LJ observed that the participants had been shown the mark and sign devoid of all context and at [63], he pointed out that in a case of alleged passing off, the context in which a sign is used can be of critical importance and that "the show card" used to conduct the survey "is not how real world users would encounter Zeebox's app".
163. Mr Malynicz says that, similarly in this case, the Survey used the wrong stimulus and it was conducted under artificial circumstances: the Wordless Mark has never been used in the real world and so has never been seen by consumers. The correct stimulus would have been the Mark with Text. Effectively, he says the use of the Wordless Mark image in the Survey is a legerdemain that leads participants to guess it must be something and so mention the first thing that comes to mind that may look a bit like it.
164. Mr Brandreth rejects this characterisation. He says that the fact that the Survey involved presenting the participants with a mark that they will not have seen in the real world is not a flaw, but an important feature; indeed he says this is the very reason why the Survey can be regarded as providing valuable evidence which no other evidence could match. Essentially the Survey is testing whether the use that participants will be familiar with (of the Mark with Text) has taught them to associate the background element (i.e. the Wordless Mark) with Lidl. The only way this can be tested is to abstract out the background element and test whether that is regarded as being distinctive of origin. The fact that sight of the Wordless Mark may prompt participants to recall the Mark with Text is a positive point in favour of the Survey because it indicates that familiarity with the Mark with Text (accepted by Tesco to be origin identifying) has taught consumers to understand that its background element is itself connected to the business and

goods of Lidl – from this it can be inferred that association goes beyond mere recognition to origin identification.

165. Having considered the arguments and the decision in *Zeebox* with care, I am inclined to agree with Mr Brandreth on this point. I do not consider that the Survey in this case (designed to test acquired distinctiveness in what is effectively a background mark) should be dismissed as valueless on grounds of artificiality or that the analogy with *Zeebox* is entirely accurate. The survey evidence in *Zeebox* went to the question of whether the public or the relevant public had a propensity to make a connection between the mark and the sign (paragraph [65] per Lewison LJ). Not only was this a subsidiary issue in the case such that the value of the survey could be degraded (the real issue being deception) but Lewison LJ’s judgment also makes clear the critical importance to such a case of the context in which the sign is used; i.e. the circumstances in which real world users would encounter the sign.
166. The considerations in this case, however, are different. The context in which participants in the Survey will have encountered the image and the fact that it will only ever have been encountered as background does not appear to me to render the Survey valueless; the very question at issue in the proceedings is whether this background mark has acquired distinctiveness; this lies at the heart of the issues in this case. It is difficult to see how that could be determined and what evidence could possibly be adduced in support of such case unless there is scope to consider the reaction of consumers to sight of the background Wordless Mark on its own. In my judgment, that reaction is capable of providing the court with evidence as to whether familiarity with the Mark with Text (accepted by Tesco as an indicator of origin) has taught consumers to recognise and rely upon the Wordless Mark as being an indicator of origin in its own right; whether to use Mr Malynicz’s words the background “shines through” in some way. I do not see how use of the Mark with Text as the stimulus to participants in the Survey could possibly have tested this, notwithstanding Mr Malynicz’s submissions to the contrary.
167. I do not consider that Floyd LJ’s observations about the need for “real world” circumstances can necessarily be “read across” into a case involving a different cause of action and a different factual issue. The Survey in this case does not appear to me to depend for its credibility and value primarily on context – confusion is not in issue. Whilst Mr Malynicz is right to say that participants in the Survey will never have seen the image presented to them on its own and that in this sense it is an artificial stimulus, I do not consider that feature is likely to deprive the Survey of evidential value at trial. Indeed I observe that Mr Malynicz accepted during argument that, whilst difficult, it was possible for the Wordless Mark to have acquired distinctive character and it seems to me that this Survey provides a way (perhaps the only way) of testing that.
168. I note in this context that in *Enterprise Morgan J* expressed the view at [69] that:
- “...it is likely that there will be difficulty in assessing whether Enterprise’s green logo has acquired distinctive character through use. Although the green logo is a traditional trade mark, some (possibly most) of its use has been as part of or in conjunction with another trade mark and the survey is designed to assist with the

question whether the green logo, by itself, has acquired distinctiveness as identifying the goods or services of Enterprise.”

169. The Survey in this case is similarly designed to assist with the difficult question of whether the Wordless Mark has acquired distinctive character through use in circumstances where it has only ever been used in conjunction with the Mark with Text. Accordingly, I do not consider the evidential value of the Survey to be undermined by the argument on artificiality.

The Survey is insufficient to demonstrate acquired distinctiveness

170. As is clear from paragraph 9 of its Reply, Lidl wishes to rely upon the Survey in support of its contention that “consumers **recognise** the Wordless mark and the fact that the Wordless Mark has distinctive character and reputation” (**emphasis added**). It wishes to say that “the results of the survey **prove that the average consumer can, and does, perceive the Wordless Mark, and that the Wordless Mark is associated in the minds of consumers with the business of Lidl, having a reputation**” (**emphasis added**).
171. Mr Malynicz says that this pleading is not in itself enough even to satisfy the test of distinctiveness as articulated in the authorities and he drew my attention in this context to *Société Des Produits Nestlé SA v Cadbury UK Ltd* [2016] EWHC 50 (Ch), a case concerning Nestlé’s long running attempt to register the 3D shape of its four fingered bar as a trade mark. At the UK IPO hearing, one of the grounds of opposition was that the application lacked distinctiveness and had not acquired distinctive character. Nestlé adduced a survey, which showed that at least half the people surveyed thought that the picture shown to them depicted a KIT KAT product. On appeal, Nestlé contended that this met the distinctiveness standard. Arnold J said at paragraph [57] that:

“...in order to demonstrate that a sign has acquired distinctive character, the applicant or trade mark proprietor must prove that, at the relevant date, a significant proportion of the relevant class of persons perceives the relevant goods or services as originating from a particular undertaking because of the sign in question (as opposed to any other trade mark which may also be present).”

172. At [68] he said this:

“... The hearing officer concluded that all the survey showed was that consumers recognised the Trade Mark and associated it with KIT KAT products. In my judgment he was correct to do so. It should not be forgotten that the exercise involved showing consumers the Trade Mark and asking them questions which were designed to prompt them to name a source of products of the kind depicted. That a majority were able to name KIT KAT does not prove they perceived the Trade Mark as exclusively designating the trade origin of such products, any more than the fact that a majority of consumers of cars may be able to name a car manufacturer as a source of cars of a particular shape shows that they perceive that shape as identifying the origin of such cars (see Jacob J in *Unilever Plc’s Trade Mark Applications* [2003] R.P.C. 35 at [43]–[44])”.

173. This decision was upheld in the Court of Appeal. At [80] Kitchin LJ repeated the test to be applied in assessing “whether a mark which is inherently non-distinctive has acquired distinctive character”:

“The tribunal must consider whether the applicant has proved that a significant proportion of the relevant class of persons perceive the goods or services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular undertaking. In short, the mark itself must be seen as a badge of origin”.

174. Kitchin LJ went on at [84] to say this:

“...I agree with the judge that it is legitimate for a tribunal, when assessing whether the applicant has proved that a significant proportion of the relevant class of persons perceives the relevant goods or services as originating from a particular undertaking because of the sign in question, to consider whether such person would rely upon the sign as denoting the origin of the goods or services if it were used on its own. Further, if in any case it is shown that consumers have come to rely upon the mark as an indication of origin then this will establish that the mark has acquired distinctiveness.”

175. However, as Kitchin LJ observed in paragraph [86], it was not sufficient to show that the mark had merely “come to be associated with Kit Kat”.
176. Having regard to these decisions, Mr Malynicz submits, and I agree, that it is not sufficient for a trade mark owner to establish, when asserting acquired distinctiveness, that consumers recognise the mark or associate it with the trade mark owner. What has to be established is that they perceive, or rely upon the mark (in its own right and without reference to any other mark that may also be present) as designating the origin of the trade mark owner’s goods.
177. In this context, Mr Malynicz points out that the Particulars of Claim effectively accept that the Wordless Mark has never been used on its own, but that the use of the Mark with Text constitutes use of the Wordless Mark because the Wordless Mark may be perceived and recognised (i) “even at such a distance that the text of the word “Lidl” itself cannot be perceived” and (ii) “when it is represented in a small format in circumstances in which the text of the word “Lidl” itself cannot be perceived”. The response to this in the Defence is that neither scenario represents the consumer encountering the Wordless Mark in a normal context and that even assuming a consumer were to encounter the Wordless Mark at a distance or in a small format, what she would see would be “not a blank yellow disk...but rather a version of the Mark with Text where the text was still there but was fuzzy or indistinct”. Accordingly Tesco denies that the Wordless Mark is recognised or relied upon on its own as an indication that goods or services emanate exclusively from Lidl.
178. Whilst Lidl’s pleading might perhaps have been clearer on the subject of distinctiveness, it is plain that Tesco has understood Lidl’s case to include an assertion that the Wordless Mark is relied upon on its own as an indication that

goods or services emanate exclusively from Lidl and there has been no attempt to strike out Lidl's pleaded case. Accordingly I am not going to determine this application on a pleading point and I did not understand Mr Malynicz to be inviting me to do so. However, the test that the court must apply in determining the issue of distinctiveness is of course central to the question of whether the Survey will have any value at trial and in this context, Mr Malynicz also drew my attention to the recent case of *Glaxo Wellcome UK Ltd v Sandoz Ltd* [2019] EWHC 2545 (Ch) ("*Glaxo*"), in which Arnold J, as he then was, revisited the question of distinctiveness in the context of surveys.

179. In *Glaxo*, the claimants marketed a combination inhaler for the treatment of asthma in the colour purple (Pantone 2587C). The defendants launched a branded generic inhaler, also in purple, which the claimants alleged constituted passing off. In support of their case that the colour purple was distinctive as to trade origin, the claimants relied upon four surveys allegedly showing the distinctiveness of their purple inhalers. *Glaxo* was permitted to rely upon the surveys by Birss J in advance of the trial. However, at trial the surveys (which appear to have become irrelevant in light of the way in which the arguments developed) nevertheless came in for criticism from Arnold J.
180. After identifying (by reference to expert evidence that had been tested at trial) that the two earlier surveys failed to comply with various of the Whitford Guidelines (noting that such failure was "not necessarily fatal to their being relied upon, but it reduces the extent to which the court can have confidence in their reliability, and hence their probative weight (at paragraph [228]) and that the first three questions in the two later surveys, despite their flaws, were "reasonably reliable so far as they go", Arnold J said this at [245]:

"Do the surveys demonstrate distinctiveness anyway? Counsel for the defendants submitted that, even taken entirely at face value, all that the 2015 and Q1-Q3 of the 2016 surveys established was recognition of Pantone 2587C on the part of the GPs and pharmacists and association of it with Seretide in the sense explained by Kitchin L.J. I accept this submission. All the surveys show is that GPs and pharmacists recognised the colour as a feature of Seretide inhalers. They do not prove that GPs or pharmacists would assume that another inhaler bearing that shade of purple (let alone a different shade capable of being described as purple) emanated from the same trade origin, let alone an inhaler of a different design bearing different word marks. As I have already noted, this is particularly true of the 2015 surveys when there was no other such inhaler on the market. Even in March-April 2016 the AirFluSal Forspiro had not been on the market for very long, and many of the respondents might not have encountered it. Sirdupla/Aloflute had been on the market for longer, but as noted above there is no evidence as to the extent of its market penetration by then."

181. Mr Malynicz submits that similar reasoning is applicable in this case; i.e. that the Survey does not begin to establish that consumers would consider that the Wordless Mark indicates goods or services that emanate from Lidl.

182. In response, Mr Brandreth points to *Enterprise* for the proposition that the court may take a different approach to the value of the evidence depending on the nature of the case. I agree. *Glaxo* is another passing off case and I consider that Arnold J's observations, made following a full trial and in circumstances where the issue was whether the surveys proved that GPs or pharmacists would assume that another inhaler bearing the shade of purple emanated from the same trade origin as Glaxo's inhalers, are not directly applicable here. Aside from the fact that I am not concerned with whether the Survey will actually prove anything at trial, I am also not concerned with the assumptions of consumers about a rival product. I do not consider that I can obtain much assistance on the value of the evidence in the Survey that is before me in this case from the decision of a trial judge made on different facts and in different circumstances. It is perhaps worth noting, however, that in dealing with Glaxo's case on distinctiveness as to trade origin amongst patients, Arnold J expressly pointed out that "Glaxo did not carry out any survey of patients". This does not support the suggestion that Arnold J could not envisage any circumstances in which a survey might have been of assistance.
183. Mr Brandreth contends that the Survey is clearly probative of something more than mere association. He points out that trade marks are to be viewed on a kind of spectrum when it comes to public perception, with the more distinctive forms (such as invented words and fancy devices) at one end and shapes or colours at the other. He submits that the value of a survey carried out in respect of one type of mark may be different from the value of a survey carried out in respect of another type of mark, much further along the spectrum. I confess that I am not sure that this submission takes matters much further; to my mind it really amounts to much the same thing as his first submission, with which I agree – that every case must be considered on its own facts. However, insofar as there is anything in it, I accept that there will be some marks that people are more likely inherently to understand as identifiers of the origin of goods.
184. Next, Mr Brandreth points to the Survey answers, submitting that it is clear from these that the Survey is probative of identification of origin. I agree. The mark with which I am concerned appears to me to be the type of mark that people may well understand as signifying origin. Looking at the answers to the Survey in detail (and taking for these purposes the answers to the first question) one sees numerous responses that say "Lidl", or "Lidl logo" or "Lidl sign" or even "It looks like the background of Lidl", or "Part of the Lidl logo without the words" or "Brand image for Lidl supermarket". This appears to me to be probative of recognition on the part of the participants that the Wordless Mark is a logo or trade mark and thus a clear indicator of origin.
185. I cannot say whether such evidence will be determinative at trial and nor do I need to make any assessment along those lines. However, it does seem to me that, as I have already said, the Survey evidence will likely be of value to the court in assessing both recognition and whether there was an understanding on the part of the participants of the nature of the image that they were being shown, i.e. that it was an identifier of origin.
186. In my judgment, (and in common with the approach taken by Morgan J in *Enterprise*) the issue of distinctiveness arising in this case is not an issue which a judge will necessarily feel able to determine on her own using her own knowledge

and experience (and always bearing in mind the need to guard against an idiosyncratic decision). It may be that the court will have evidence on the question of distinctiveness over and above that provided by the Survey (although Mr Brandreth says this will be difficult and costly to obtain), but, just like Morgan J, I do not presently have sight of that evidence and do not have to determine whether the Survey evidence will be of real value in addition to any other evidence on which Lidl chooses to rely.

187. In all the circumstances, I consider that the Survey satisfies the test of real value (always subject to whether there are any flaws in its methodology or approach which have the effect of undermining that value – the point to which I shall turn next).

The Survey fails to comply with the Whitford Guidelines and so is unreliable

188. It is clear from his report that Mr Malivoire’s primary criticism of the Survey is that it asked questions which directed respondents into a field of speculation upon which they would never have embarked had the question not been put (“I do not believe this survey has satisfied at least one key guideline” – see paragraph 12 of the Report). The guideline in issue is Whitford Guideline 4.
189. Mr Malivoire takes the view (with which I agree) that the Second and Third Questions are obviously designed to invite speculation owing to the fact that they begin with the words “please imagine”. As he says, it is difficult to think of two words more likely to encourage a respondent to speculate. However, these questions add little to the results of the Survey in circumstances where the results of the First Question appear to have been so overwhelming. For present purposes therefore I shall concentrate only on the validity of the evidence given in response to the First Question.
190. Notwithstanding that the First Question (“What do you think this image is”) appears to have the hallmarks of an open question, Mr Malivoire nevertheless identifies various grounds of criticism. In summary he says that the first question pre-supposes (i) that the image is something singular; and (ii) that it is something or represents something and that the respondent should be able to respond. Mr Malivoire says this is exacerbated by the instruction to “[p]lease type your answer”, which he says suggests that there is a single answer. He also says that the question demands a response and that the simple addition of the words “if anything” within the question would have allowed a negative response, rather than suggesting that a respondent should cast around for a response. He points out the “possible disadvantage” of online surveys being that people may “research” their answer and he says that he believes this practice is more likely where respondents believe they are expected to offer a response.
191. Whilst Mr Malivoire may be right that the First Question could have been framed in a more neutral way, which might have limited the potential for speculation, the court is not in a position to determine the matter one way or the other – although my instinct is that some of his points are extremely marginal. For example there is little doubt that the participants were not “prisoners of the question” – a number of participants said that they did not know; equally I find it difficult to see how the words “Please type your answer” are really to be regarded as suggestive of

anything. However, even assuming for present purposes that all of Mr Malivoire's criticisms are justified, I do not consider that they are sufficient to deprive the Survey of validity.

192. In this context I consider it to be important that, having suggested his preferred alternative question, Mr Malivoire goes on to say that “[i]t is impossible to know the extent to which, if at all, the survey results would have been the same or different and, if different how different, had the suggested question that I would have asked...in fact been asked.” I agree with Mr Brandreth that this admits of the potential for Mr Malivoire's criticisms to have had no, or no material, effect on the outcome of the Survey. Where the results of the Survey appear overwhelming, I do not therefore consider Mr Malivoire's criticisms to undermine the value of the Survey such that I should exclude it from evidence; that a few more people might have said “I don't know” had Mr Malivoire's preferred question been used instead of the First Question does not appear to me to make any real difference. Mr Malivoire himself goes no further than to say that in light of his points on Whitford Guideline 4 he “questions” the value of the Survey to the court and, in my judgment the materiality of his complaint about the question format will be a matter best dealt with by the trial judge after full consideration of the evidence. I am not satisfied that it is an issue that diminishes the value of the Survey to such an extent that I should exclude it from evidence.
193. Further and in any event, the fact that a survey question may invite speculation does not automatically invalidate the survey (see *Enterprise* at [54]-[57]). I certainly do not consider the “possible disadvantage” of the online nature of the Survey identified by Mr Malivoire to provide a justification for ruling it out at this stage. I note that having raised the potential for “cheating” amongst participants of online surveys (including by carrying out a search using Google), Mr Malivoire himself appears to downplay the likelihood of this making any real difference, opining that “...it would take a particular type of person to bother to undertake research like this **which is why I have no objection in principle to conducting surveys like this online**” (emphasis added). His observation that he “believes” the likelihood of “research” to be higher for this Survey than would have been the case if a more neutral question had been used, is unsupported by any objective analysis whatever and he does not suggest that he considers this issue likely to be material to the outcome. As he acknowledges “[i]t is impossible to know or even estimate the extent to which respondents did in fact “Google” their response”. His description of the ways in which it is possible to address this issue when carrying out online surveys appears to accept that only “a small number of people” will be identified and may then be removed from the survey analysis.
194. Notwithstanding his focus on Whitford Guideline 4, Mr Malivoire also suggests that the Survey falls foul of Whitford Guideline 1, i.e. the need for a representative sample, essentially on the basis, first, that there is low representation of “young, less educated men”, a group that he admits is a “notoriously difficult group to engage in market research”. He does not, however, suggest that this issue is in any way material to the results of the Survey and it is not developed any further in the Report. Mr Malynicz did not mention it in his skeleton argument. I cannot

see that this issue in itself is capable of undermining the value of the Survey Evidence.

195. Second, Mr Malivoire seeks to cast doubt on the evidence of Mr Sketchley, acknowledging that if Mr Sketchley's description of the methodology is correct, the response rate would be "extremely impressive", but then going on to suggest that his description of the methodology "is somewhat misleading" and has "perhaps" been so designed to make it seem "more impressive than it really is". To my mind this evidence strays from admissible expert evidence into the realms of advocacy and speculation, a direction of travel which is all the more apparent when Mr Malivoire expressly invites the court (based on his own assumptions about the recruitment process for the Survey, which appear to be contrary to information provided to him in a letter from Lidl's solicitors dated 18 March 2022) not to accept Mr Sketchley's description of an 81% response rate as indicating an especially high-quality survey. This evidence, which appears designed also to raise a question mark in respect of Whitford Guideline 3 (the need for full disclosure in relation to the Survey) is of no real assistance to me and, indeed, I consider that the partiality it appears to display would itself justify a cautious approach to Mr Malivoire's evidence about non-compliance with Whitford Guideline 4. Whilst Mr Sketchley may himself have overstepped the mark in the provision of purely factual evidence at this point, that does not to my mind justify Mr Malivoire in stepping outside the appropriate boundaries for expert evidence.
196. I am sorry to say that a similar point may be made in relation to (i) Mr Malivoire's attempt to suggest, from his reading of emails passing between them, "a strong relationship" between Lidl and YouGov, a point which appears designed to cast doubt over statements made in correspondence by Lidl's solicitors; (ii) his suggestion that a sensible precaution would have been to check whether participants in the Survey had been asked to take part in any other survey in the last 6 months or a year which mentioned Tesco – an odd suggestion where this Survey has nothing whatever to do with Tesco and (iii) his suggestion, notwithstanding correspondence to the effect that there have been no recent surveys conducted on behalf of Lidl, that somehow precautions should have been taken to ensure that the respondents to the survey had not been interviewed about Lidl during, at least, the last six months – he makes no suggestion as to what these precautions should have been and nor does he suggest that they would have been material to the outcome of the Survey. Mr Malynicz sought to enlarge upon this criticism in his written skeleton by reference to correspondence which he submitted evidenced a failure to provide sufficient disclosure. However in the face of Mr Malivoire's conclusion on Whitford Guideline 3 that (subject to his reservation as to Mr Sketchley's evidence) "I have no reason to believe that any relevant information has not been disclosed", I cannot see that this shifts the dial in favour of Tesco.
197. In all the circumstances, I cannot accept Mr Malivoire's ultimate conclusion that the Survey "cannot be relied upon". He clearly does not arrive at this conclusion on the basis of his points as to Whitford Guideline 4 alone. His additional points about Whitford Guidelines 1 and 3 do not appear to me to take matters any further, are not expressed in unequivocal terms and, in any event, do him no credit as an

experienced expert who has confirmed in his Report his understanding of the requirements of CPR 35, including his duty to the court. No doubt Mr Malivoire was required to prepare the Report in some haste, but if Tesco wished to challenge the validity of Mr Sketchley's factual evidence or the accuracy of information provided in *inter partes* correspondence, they could have done so by way of submissions. The inclusion of such challenge in an expert report was quite simply inappropriate.

198. For the reasons I have given, I do not consider that the points made by Mr Malivoire as to the unreliability of the Survey Evidence are capable of undermining its intrinsic value. In my judgment, the Survey Evidence has real value in the context of this case and Lidl should be entitled to rely upon it at trial. The exercise of my discretion in this regard is not affected by the procedural criticisms raised by Mr Malynicz, which I have already rejected.

Does the likely value of the Survey justify the cost?

199. Approaching the cost/benefit analysis test on the same basis used by Morgan J in *Enterprise*, namely that it is designed to protect the party opposing the admission of survey evidence, it appears from Mr Brandreth's submissions that Tesco has already spent something in the region of £90,000 in seeking to oppose the Survey Evidence Application. This includes instructing Mr Malivoire to produce a report designed to try to persuade the court to keep the Survey evidence out. This must be seen against the future costs it estimates it will spend if the Survey evidence is permitted of £136,000 (compared with £64,000 in Lidl's case). Even assuming this figure to be accurate (and I am bound to say that I find it extremely surprising for reasons to which I shall return in a moment), the level of expenditure in opposing this application tends, to my mind, to call into question the suggestion that Tesco may be in the least bit concerned about the further expenditure of £136,000.
200. Absent the Survey evidence, Tesco's estimated costs to trial amount to £1,185,976, while Lidl's amount to £1,170,244. The multi-million pound combined legal costs appear to be a reflection of how key this brand dispute is to both parties. Unlike *Zeebox* where the Court of Appeal held that the sums to be spent on the survey were significant ("particularly when viewed from the point of view of the respondents, who are a start-up company and of lesser financial strength than the appellants", per Floyd LJ at [56]), the parties to these proceedings are of equal financial strength.
201. In that context, I observe that the £136,000 that Tesco estimates it will spend on the Survey evidence to trial appears to me to be wholly unrealistic. Tesco has already obtained a report from Mr Malivoire and yet it anticipates spending (on the Survey alone) a further c.£45,000 on expert evidence, a further c. £51,000 on solicitors fees and c. £35,000 on counsel. They expressly disavow any intention of carrying out their own responsive survey. Tesco is of course entitled to spend whatever it wishes in defending the claim advanced against it, but in carrying out the cost benefit analysis for the purposes of applying the *Interflora* test, it seems to me that the court must have regard to a reasonable and proportionate figure and not to the cost of a "gold plated" service. Lidl's equivalent costs (bearing in mind that it has not yet obtained an expert report) are less than half Tesco's figure and

appear to me to be a great deal more realistic (a total of £64,184 divided as follows: c.£19,000 on solicitors fees, £20,000 on an expert and £25,000 on counsel).

202. Tesco contend that combining the incurred costs of dealing with the Survey Evidence Application to the date of the hearing, the costs of dealing with it at the hearing, future costs that will be spent on dealing with it and trial savings (of one day on a six day trial, as suggested by Mr Whitehead in his evidence), produces a combined total figure for dealing with the Survey of £500,000 out of a combined budget of £2,356,220 – i.e. around 21% of the total costs. Hence it argues that the Survey evidence will be disproportionate.
203. I disagree. In my judgment, this is not the right approach (see *Enterprise* at [73]) and in any event it takes into account costs figures that go far beyond what I consider likely to be reasonable and proportionate. Furthermore, I agree with Mr Brandreth that the cost benefit analysis (i) should not address the costs of making the application in the first place; but (ii) must place in the scales the likely additional costs to be incurred by Lidl if it is required to call some alternative form of evidence to address the point covered by the Survey, which Mr Brandreth estimates (very roughly) at circa £100,000.
204. Doing the best I can on the available information as to costs, I cannot see that it would be disproportionate or unreasonable from a costs perspective to permit Lidl to rely at trial on the Survey evidence, which I have already held is likely to be of real value to the case.

Conclusion on the Survey Evidence Application

205. For all the reasons I have given, the Survey Evidence Application succeeds. The Survey may be relied upon by Lidl in support of its pleading at paragraphs 9 and 31 of the Reply. It is unnecessary for me to decide now whether that pleading extends (as Lidl submits) to every aspect of its case, or whether (as Tesco submits) it is purely confined to acquired distinctiveness for the purposes of Lidl's trade mark infringement case.