



Neutral Citation Number: [2019] EWHC 599 (IPEC)

Case No: IP-2017-000209

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

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

Date: 13/03/2019

Before :

HIS HONOUR JUDGE HACON

Between :

(1) **NOMINATION DI ANTONIO E PAOLO**
GENSINI SNC
(2) **NOMINATION SRL**
- and -
(1) **SEBASTIAN BREALEY**
(2) **VICTORIA BREALEY**
(together t/a JSC JEWELLERY)

Claimants

Defendants

Chris Pearson (instructed by **B&M Law LLP**) for the **Claimants**
Ali Reza Sinai (instructed by **Rix & Kay Solicitors LLP**) for the **Defendants**

Hearing date: 29 January 2019

Approved Judgment

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

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HIS HONOUR JUDGE HACON

Judge Hacon :

Introduction

1. Is the purchaser of a product sold under a trade mark entitled to disassemble the product and sell component parts under the trade mark? That was the principal issue in this action.

Background

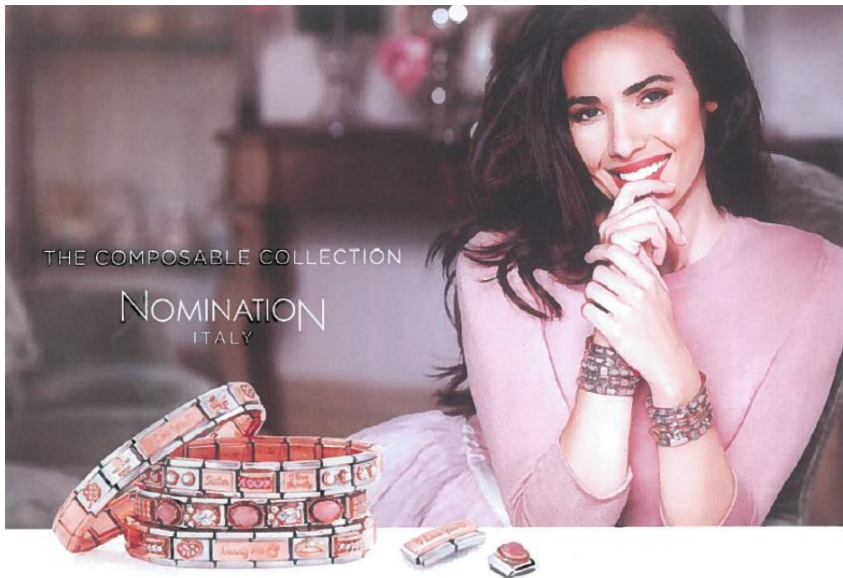
2. The First Claimant is an Italian partnership which deals in charm bracelets. These have been successfully sold in many countries, including the United Kingdom. The Second Claimant is a related Italian limited company which markets the bracelets. I will call the Claimants 'Nomination' where referred to collectively.
3. The First Claimant owns the following registered trade marks:
 - (1) EU Trade Mark No. EU000456822, registered in class 14 as of 27 January 1997, being the word NOMINATION,
 - (2) International Trade Mark No. WE00000769289, granted protection in the EU on 14 April 2010, also the word NOMINATION.
 - (3) International Trade Mark No. WE00001069273, granted protection in the EU on 26 January 2012, a device mark in this form:

NOMINATION

4. The EU Trade Mark is registered in class 14 in respect of

‘Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments.’
5. The other two marks have broader registrations, in each case including the foregoing goods in class 14. I will refer to all three marks as ‘the Trade Marks’.
6. The Second Claimant is the exclusive licensee under the Trade Marks.
7. One of Nomination’s products is a ‘composable bracelet’. It consists of individual links, measuring about 10 x 9mm, which may be detached from each other and relinked in any order to the taste of the wearer. These include what were called ‘base links’, which are made of stainless steel and bear the NOMINATION device mark. Nomination also sell a wide variety of decorated links and links with charms attached, all of which may be added to the bracelet. Some of the decorated and charm links are made of precious stones, set in 18k or 9k gold or silver, and are priced accordingly. Others are less expensive. According to JSC Nomination’s links can cost as little as £10.

8. This is one of Nomination's advertisements, showing the bracelets:



9. The First and Second Defendants are husband and wife. In December 2002 they started trading as a partnership under the name 'JSC Jewellery' selling body and costume jewellery online. I will call both Defendants and their business 'JSC'. From 2004 JSC began to sell composable charm bracelets (not made by Nomination) under their trading name 'Daisy Charm' and under a logo. The logo was registered as a UK trade mark as of 8 October 2010 for all goods in class 14.
10. In January 2011 JSC's listing on eBay was amended to state that JSC's product 'fits Nomination'. This reflected the fact that the links of JSC's bracelets were interchangeable with those of Nomination's bracelets; a JSC link can be fitted to a Nomination link using a similar click mechanism – or vice versa – to create a mixed bracelet. JSC sold its products as 'Italian charms' promoting them by reference to the Daisy Charm logo. In February 2013, due to a change of policy at eBay, JSC stopped stating 'fits Nomination' on its site and did not otherwise indicate compatibility with Nomination bracelets.
11. Shortly afterwards JSC started to buy Nomination 'base bracelets' from retailers of Nomination's products in Germany and Italy. Base bracelets are composed of 13 or 18 base links (no decorated or charm links). The bracelets were disassembled by JSC into individual links. Between April 2013 and July 2018 JSC sold single Nomination base links bundled together with a single JSC link. The bundles either consisted of two blister packs, one for each of the Nomination and JSC links, or alternatively the JSC link was supplied in a blister pack and the Nomination base link was in a small plastic bag bearing a label 'Manufactured by Nomination Italy Repackaged by JSC Jewellery UK'.
12. From 2015 some of the Nomination base links supplied by JSC were sourced from a UK retailer and others from an Italian retailer, in each case purchased as single links from disassembled Nomination bracelets.
13. The bundles of two links were advertised and sold by JSC on eBay.

14. JSC stopped selling these bundled links in July 2018. However, in response to the allegation in the Particulars of Claim that JSC threatens and intends to continue such sales, JSC's Defence goes no further than a non-admission. I infer that JSC has taken the reasonable view that if their sales of bundled links are found to be lawful they will be recommenced.
15. Nomination alleges that JSC's advertising and sales of the bundled base links infringed the Trade Marks. Nomination also alleges that such sales passed the bundles off as being goods made by, or authorised by, or otherwise associated with Nomination.
16. Chris Pearson appeared for Nomination, Ali Reza Sinai for JSC.

The trade mark case

17. There were two parts to the trade mark case. The first concerned the use by JSC of the Nomination sign in relation to genuine, individual Nomination base links. The second turned on whether there had been use of the Nomination sign in relation to JSC's own links.

Use of the sign in relation to individual Nomination links

18. The starting point was common ground. The Nomination base links bear the Nomination device and therefore a sign identical to all three Trade Marks. JSC's marketing of individual Nomination base links constituted use of the sign in relation to goods identical with those for which the Trade Marks are registered. Section 10(1) of the Trade Marks Act 1994 ('the 1994 Act') is engaged unless JSC has a statutory defence.
19. Nomination's right to restrain such use was potentially limited by section 12:
 - "12. (1) *A registered trade mark is not infringed by the use of the trade mark in relation to goods which have been put on the market in the European Economic Area under that trade mark by the proprietor or with his consent.*
 - (2) *Subsection (1) does not apply where there exist legitimate reasons for the proprietor to oppose further dealings in the goods (in particular, where the condition of the goods has been changed or impaired after they have been put on the market)."*
20. The corresponding provision in art.7 of Directive 2008/95/EC (superseded since 14 January 2019 by an almost identical art.15 of Directive (EU) 2015/2436) has different wording, but not such as to make a material difference:
 - "7. 1. *The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.*
 2. *Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market."*

21. I will refer to Directive 2008/95/EC and its predecessor, 89/104/EEC interchangeably as 'the Trade Mark Directive'. The latter was relevant to some of the authorities cited and contained the same art.7 on the exhaustion of rights.
22. Nomination argued that it had not consented to the individual base links being put on the market or alternatively, if it did, there existed legitimate reasons to oppose further commercialisation of the links by JSC.

Use of the sign in relation to JSC's links

23. The second part of Nomination's trade mark case was that JSC had used the Nomination sign in relation to JSC's own links and had thereby infringed the Trade Marks pursuant to s.10(1) of the 1994 Act. The Particulars of Claim also alleged infringement under subsections 10(2) and (3) but counsel were agreed that these added nothing. The issue was whether there had been use of the sign in relation to JSC's links.

Passing off

24. As to passing off, JSC conceded that Nomination owned goodwill in their business associated with the Trade Marks.

Joint liability

25. JSC also accepted that Mr and Mrs Brealey were jointly liable with the JSC partnership for any acts done by the partnership relevant to this case.

The issues

26. That left the following issues:
 - (1) Whether Nomination's consent to the marketing of its base bracelets constituted consent to the marketing of the base links individually, such that s.12(1) of the 1994 Act/art.7(1) of the Trade Mark Directive was engaged.
 - (2) If so, whether there existed legitimate reasons for Nomination to oppose further commercialisation of individual base links by JSC, pursuant to s.12(2)/art.7(2). The reasons advanced were:
 - (a) Nomination's retailers were not entitled to sell base links either singly or as a base bracelet without a Nomination decorated or charm link.
 - (b) Nomination sold its products in high quality packaging, whereas JSC marketed the Nomination base links in low quality blister packs or plastic bags.
 - (c) The packaging in which Nomination sold its products was accompanied by a written guarantee stamped at the point of sale. Purchasers of Nomination base links from JSC did not benefit from the guarantee.
 - (d) JSC had repackaged some of the base links without identifying who had done the repackaging.

- (e) The repackaging used by JSC placed the condition of the Nomination links at risk.
- (3) Whether JSC had used the Nomination sign in relation to its own links.
- (4) Whether JSC had represented to the public that its own links had been made by Nomination or were authorised by, or otherwise connected in the course of trade with Nomination.
- (5) Whether Nomination had suffered damage as a consequence of JSC's misrepresentation.

The witnesses

- 27. Kenneth Brown gave evidence for Nomination. He is their UK area manager. Antonio Gensini also gave evidence. Mr Gensini is one of the partners of the First Claimant along with his father, Paulo Gensini, and is also CEO of the Second Claimant. Mr Brown and Mr Gensini were both cross-examined.
- 28. The First Defendant, Mr Brealey, provided a witness statement and was cross-examined. JSC also filed a witness statement from Maureen Priestman who is the proprietor of The Jewellery Box, a jewellery and gift shop in Sunderland. Ms Priestman was not cross-examined, so her evidence stood unchallenged.
- 29. Mr Brown, Mr Gensini and Mr Brealey were all good witnesses, I believe doing their best to set out the facts as they honestly believed them to be. My only qualification is that I think Mr Brown and Mr Gensini tended to elide their current view of how Nomination's products should be sold with Nomination's position in the past. Other evidence indicated that the two were not identical.

Art 7(1): the extent of exhaustion

JSC's argument

- 30. Mr Sinai submitted that when Nomination sold the base bracelets it realised the economic value of its Trade Marks and could not thereafter prevent anyone in the subsequent line of ownership from using the Trade Marks in relation to the bracelets, whether marketed as a whole or in separate links. This submission was derived from the judgment of the European Court of Justice in *Peak Holding AB v Axolin-Elinor AB*, Case C-163/03, EU:C:2004:759, [2005] Ch 261. The case concerned the act necessary for goods to be 'put on the market' within the meaning of art.7 of the Trade Mark Directive. The CJEU confirmed that if such an act were done, such that the goods were put on the market by the trade mark proprietor or with his consent, the proprietor's trade mark rights were exhausted at that point:

“[40] A sale which allows the proprietor to realise the economic value of his trade mark exhausts the exclusive rights conferred by the Directive, more particularly the right to prohibit the acquiring third party from reselling the goods.”

- 31. Mr Sinai said that Nomination were not entitled to distinguish between putting a bracelet of 13 or 18 links on the market and putting each link individually on the market.

Either way, there was exhaustion under art.7 of the Trade Mark Directive and s12 of the 1994 Act once a bracelet had been sold.

32. This was all the more true, he said, because the evidence revealed that Nomination had consented to its retailers selling individual links to customers. There was no evidence about express agreement having been directed to the particular bracelets that JSC had dismantled, but Nomination must have contemplated the possibility that this could happen to those bracelets since its policy was not to object to the dismantling of base bracelets and sale of the individual links. Therefore the exhaustion of Nomination's trade mark rights upon the sale of its bracelets to retailers in the EEA, specifically to those which had gone on to supply JSC, extended to subsequent sale of individual links just as much as to subsequent sale of intact bracelets.

The evidence on Nomination's attitude to sales of individual base links

33. In cross-examination Mr Gensini confirmed that Nomination has imposed no contractual restriction on retailers supplied with Nomination's bracelets preventing the sale of individual base links taken from those bracelets. The initial stance taken by both Mr Gensini and Mr Brown was that retailers were orally made to understand that they were only entitled to sell a single base link to a customer who expressed the wish to enlarge a Nomination bracelet. Yet both had to concede that even when retailers had sold individual base links without any limitation on their use, including sales which must have been drawn to Nomination's attention by the pleadings and evidence in this case, Nomination had not approached the relevant retailers to complain or otherwise to enforce the alleged oral understanding. Ms Priestman, the proprietor of an authorised Nomination retailer, gave unchallenged evidence that she sold individual Nomination base links and that restrictions on such sales agreed with Nomination did not include any restraint on selling single base links.
34. Letters were sent from time to time by Nomination to retailers of its products about lack of compliance with Nomination's guidelines for the sale of its products but these did not include any warning against the sale of individual base links.
35. I find that Nomination's retail customers, including those which supplied JSC with the entire bracelets which were later disassembled by JSC and those which supplied single base links to JSC, reasonably assumed that they could sell single base links if asked to do so. Nomination did not express any restriction on sales of individual links at the relevant time and probably did not consider that there was a need for such a restriction.

Whether Nomination's attitude constituted consent

36. However, this did not close down Nomination's argument on lack of consent under art.7(1). Mr Pearson submitted that since there had been no express consent to the sale of individual links under the Trade Mark, JSC must rely on implied consent and meet the requirements set out by the CJEU in *Zino Davidoff SA v A & G Imports Ltd*, Joined Cases C-414 to 416/99, EU:C:2001:617, [2002] Ch 109.
37. *Davidoff* was about dealers had who obtained goods bearing one of the trade marks in issue outside the EEA and sold them, still bearing the trade mark, within the EEA. There had been no express consent by the trade mark proprietors to sales in the EEA.

The CJEU considered the circumstances under which such consent may be implied. This was the ruling at the conclusion of the judgment:

“1. On a proper construction of article 7(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the member states relating to trade marks, as amended by the Agreement on the European Economic Area of 2 May 1992, the consent of a trade mark proprietor to the marketing within the European Economic Area of products bearing that mark which have previously been placed on the market outside the European Economic Area by that proprietor or with his consent may be implied, where it follows from facts and circumstances prior to, simultaneous with or subsequent to the placing of the goods on the market outside the European Economic Area which, in the view of the national court, unequivocally demonstrate that the proprietor has renounced his right to oppose placing of the goods on the market within the European Economic Area.

2. Implied consent cannot be inferred (i) from the fact that the proprietor of the trade mark has not communicated to all subsequent purchasers of the goods placed on the market outside the European Economic Area his opposition to marketing within the European Economic Area; (ii) from the fact that the goods carry no warning of a prohibition of their being placed on the market within the European Economic Area, or (iii) from the fact that the trade mark proprietor has transferred the ownership of the products bearing the trade mark without imposing any contractual reservations and that, according to the law governing the contract, the property right transferred includes, in the absence of such reservations, an unlimited right of resale or, at the very least, a right to market the goods subsequently within the European Economic Area.

3. With regard to exhaustion of the trade mark proprietor's exclusive right, it is not relevant (i) that the importer of goods bearing the trade mark is not aware that the proprietor objects to their being placed on the market in the European Economic Area or sold there by traders other than authorised retailers, or (ii) that the authorised retailers and wholesalers have not imposed on their own purchasers contractual reservations setting out such opposition, even though they have been informed of it by the trade mark proprietor.”

38. If Nomination is correct in drawing an analogy with *Davidoff*, the question in the present case would be whether JSC has unequivocally demonstrated that Nomination renounced its right to oppose the placing of the base links on the market individually.
39. I must also consider the judgment of the European Court in *Sebago Inc v GB Unic SA*, Case C173/98, EU:C:1999:347, [2000] Ch 558. In that case the importer argued that the trade mark proprietor had earlier consented to the same type of goods being marketed in the EEA under the trade mark and by implication had consented to all goods of that type being sold in the EEA under its mark. The European Court rejected the argument, saying this at the conclusion of its final ruling:

“... for there to be consent within the meaning of article 7(1) of that Directive, such consent must relate to each individual item of the product in respect of which exhaustion is pleaded.”

40. The analogy between *Davidoff* and the present case is not exact. Firstly, a central question in *Davidoff* was whether EU trade mark law should apply international exhaustion or European exhaustion. The effect of international exhaustion would have been that where there has been marketing anywhere in the world of a product under the trade mark by the trade mark proprietor or with his consent, the trade mark rights are exhausted. The alternative was European exhaustion: marketing in the EEA was required. There was evidence and argument before the European Court in *Davidoff* about the policy of the European legislature when the relevant provisions were enacted, sometimes styled the 'Fortress Europe' policy. The present case has no similar territorial aspect to it. Sales of both the bracelets and the single links were all in the EEA.
41. Secondly, as appears from paragraphs 2 and 3 of the ruling of the Court of Justice in *Davidoff* (quoted above), the judgment went ahead on the unchallenged assumption that the trade mark proprietors were opposed to the marketing of their goods in the EEA under the trade mark, although they had not expressly communicated their opposition. In the present case I doubt that Nomination had reached any decided view about the sale of their individual base links under the Trade Marks at the relevant time, although I accept that Nomination's position has now changed.
42. Looking at this as a matter of general principle, it is not clear to me why Nomination should have a sound basis for objecting to the onward sale under the Trade Marks of links taken from their bracelets unless there are legitimate reasons for doing so, in which case art.7(2) applies. Nomination can certainly not object to their bracelets being disassembled by purchasers. There would be nothing misleading, of itself, about a purchaser of a Nomination bracelet stating on eBay that a link taken from such a bracelet is a Nomination link. However, for the reasons to which I now turn, it is enough for me to decide the present case by reference to art.7(2).

Art. 7(2): legitimate reasons

Retailers not entitled to sell individual base links

43. The first reason pleaded by Nomination was that retailers were instructed not to sell individual Nomination base links. I have found that this to be incorrect on the evidence; it is a reiteration of Nomination's argument on lack of consent.

JSC products not sold in high quality packaging

44. The second reason concerned packaging. Each bracelet sold by Nomination goes out to a retailer with packaging which separately accompanies the bracelet. The retailer puts the bracelet into the packaging for supply to consumers. I was shown an example of a sturdy and elegantly designed cardboard box with Nomination's name and logo prominently on the front and back. Inside the box there is a foam support in which the bracelet is contained. The evidence indicated that the bracelet and support are wrapped in yellow tissue paper. The box contains a leaflet which includes a guarantee. The box is presented in a similarly elegant cardboard bag, closed by a ribbon. I agree with Mr Pearson that the impression given by Nomination's packaging is that its contents are of high quality.

45. As I have said, JSC supplied Nomination base links to their customers either in a small blister pack or in a small transparent plastic bag. No one could say that JSC's packaging conveys an impression of quality.
46. A potential difficulty for Nomination was the packaging sometimes used by their retailers for the sale of individual links. I was shown a Nomination base link in a transparent plastic bag as supplied by one of Nomination's authorised retailers. However, a customer going to an authorised Nomination retailer to buy an extra base link has already bought or been given a Nomination bracelet. The image of quality has already been conveyed by the bracelet's packaging.
47. JSC's customers may never have received a Nomination bracelet. In fact JSC's advertising promotes the idea of using a Nomination base link as an additional part of JSC's 'Italian charm bracelet'. So far as packaging is concerned, these customers would associate Nomination's product only with either a small blister pack or a small plastic bag.
48. Mr Sinai pointed out that non-authorised traders other than JSC have supplied Nomination's base links in simple packaging and Nomination have not sought to stop such sales. I agree that Nomination have been relaxed about policing its rights. But that does not neutralise the rights if they exist.
49. Both counsel again sought to draw an analogy with the law explained by the CJEU. This time the analogy was with the Court's judgments on repackaging.
50. *Bristol-Myers Squibb v Paranova A/S*, Joined Cases C-457, 429 and 436/93, EU:C:1996:282, [2003] Ch 75 was concerned with the right or otherwise of a pharmaceutical company to restrain the sale of its products where they have been repackaged by an importer. The CJEU ruled that pursuant to art.7(2) the trade mark owner may legitimately oppose such sales unless (1) enforcing the trade mark would contribute to the artificial partitioning of the market between member states, (2) repackaging cannot affect the original condition of the product, (3) the new packaging clearly states who repackaged the product and the name of the manufacturer, (4) the presentation of the repackaged product is not liable to damage the reputation of the trade mark and of its owner and (5) the importer gives notice to the trade mark owner before the repackaged product is put on sale, see paragraph 3 of the final ruling of the Court. These have been referred to as the five 'BMS conditions'. In this part of their case Nomination relied on the fourth.
51. The CJEU reconsidered the five conditions in the two subsequent judgments it gave in the *Boehringer* repackaging litigation. The second of these was *Boehringer Ingelheim KG v Swingward Ltd*, Case C-348/04, EU:C:2007:249, [2007] ETMR 71 ('*Boehringer II*'). The Court said:

“[43] Accordingly, a repackaged pharmaceutical product could be presented inappropriately and, therefore, damage the trade mark's reputation in particular where the carton or label, while not being defective, of poor quality or untidy, are such as to affect the trade mark's value by detracting from the image of reliability and quality attaching to such a product and the confidence it is capable of inspiring in the public concerned (see, to that effect, *Bristol-Myers Squibb* at

[76]; and Case C-337/95 *Parfums Christian Dior SA v Evora BV* [1997] E.C.R. I-6013 at [45]).”

52. The Court’s reference to *Dior* shows that a trade mark owner’s right to object to its goods being poorly presented is not confined to the repackaging of pharmaceuticals. In *Dior* the trade mark owner, a perfume house, objected to the marketing of parallel imports of its products on the ground that the advertising used was liable to damage the luxurious and prestigious nature of the trade marks. The Court held that where the reseller uses modes of advertising which are customary in his trade sector, the trade mark owner could not rely on art.7(2) unless the reseller’s advertising seriously damages the reputation of the trade mark (see [46]).
53. In a subsequent *Dior* case, *Copad SA v Christian Dior Couture SA*, Case C-59/08, EU:C:2009:260, [2009] FSR 22, the CJEU reiterated (at [55]):
- “... damage done to the reputation of a trade mark may, in principle, be a legitimate reason, within the meaning of art.7(2) of the Directive, allowing the proprietor of the mark to oppose further commercialisation of luxury goods which have been put on the market in the EEA by him or with his consent ...”
54. On this occasion there was no requirement of *serious* damage. The Court of Justice has been inconsistent about this, see *Dansac A/S v Salts Healthcare Ltd* [2019] EWHC 104 (Ch) at [46]-[48].
55. In *Boehringer II* the Court held that it was for the parallel importer to prove that the presentation of the repackaged product was not liable to damage the reputation of the trade mark and of its proprietor, but added this (at [54]):
- “Where the importer furnishes such initial evidence that the latter condition has been fulfilled, it will then be for the proprietor of the trade mark, who is best placed to assess whether the repackaging is liable to damage his reputation and that of the trade mark, to prove that they have been damaged.”
56. I do not believe that the present case turns on a shifting burden of proof. I must reach a view as to whether it is likely that JSC’s packaging will damage the reputation of the Trade Marks and thereby Nomination. I think it is likely. I am satisfied that the elegant packaging of Nomination’s bracelets will convey an image of luxury to purchasers and that this increases the reputation of the Trade Marks. The receipt of Nomination’s products in a small blister pack or polythene bag is likely to damage that reputation.
57. Nomination sought to bolster their case under this head by evidence from Mr Brown that their retailers were carefully selected. No doubt they are selected but Mr Brown’s cross-examination indicated that the selection may or may not turn out well. Ms Priestman said that she did not undergo any due diligence measures from Nomination before her business became an authorised Nomination retailer. She was not even asked to sign a written agreement.

JSC’s customers do not benefit from the guarantee

58. The third reason was that those who purchase Nomination base links from JSC will not benefit from Nomination’s guarantee. I was told that the written guarantee supplied in

the Nomination box is stamped on the date of sale and that the guarantee must be presented if the product requires repair. JSC's customers would not receive the guarantee and it was argued that this was a further legitimate reason to oppose the sale of Nomination base links by JSC.

59. However, it was not made clear on the evidence whether the guarantee made any practical difference to a customer who returned a faulty Nomination link and sought to rely on their usual consumer rights.

JSC did not always identify who had done the repackaging

60. For Nomination's fourth reason Mr Pearson sought to rely on *BMS* condition (3). Where JSC supplied a Nomination base link in a plastic bag, on the bag was a label which clearly stated that the product had been manufactured by Nomination, Italy, and repackaged by JSC Jewellery UK. If the base link was supplied in a blister pack there was no such label. In such cases, Mr Pearson said, there was a breach of *BMS* (3).
61. I am not satisfied that *BMS* (3) applies to goods other than repackaged pharmaceuticals or products of an equally sensitive nature. It would be important to be able to trace all stages of supply of pharmaceuticals in the event of, say, a health scare. There is no such sensitivity attached to the sale of bracelets. *BMS* (3) was not mentioned by the Court of Justice in the *Dior* cases.

The repackaging risked damaging the condition of the links

62. The last of Nomination's proposed legitimate grounds under art.7(2) came from *BMS* condition (2). In *Boehringer II* the Court held that the parallel importer bore the burden of proof to show that there was no damage caused to the condition of the goods due to the repackaging, but (at [54]):

“... it is sufficient that the parallel importer furnishes evidence that leads to the reasonable presumption that that condition has been fulfilled.”

63. Pharmaceuticals are liable to be damaged by poor repackaging, caused by exposure to damp or heat or physical impact, more liable than bracelet base links anyway. I was given no sound reason to believe that the blister packs or polythene bags used by JSC would expose the links to damage in circumstances where Nomination's packaging would not have done.

Conclusion under art.7 of the Trade Mark Directive

64. Nomination had legitimate reason to oppose JSC's sales of Nomination base links pursuant to art.7(2) of the Trade Mark Directive. The packaging used by JSC to supply its customers, blister packs or polythene bags, was liable to damage the reputation of the Trade Marks. Such sales therefore infringed the Trade Marks.

Whether JSC used the Nomination sign in relation to its own links

65. I was shown several images of websites on which JSC have advertised products for sale. One was a posting on eBay dated 17 March 2015 which advertised bundles of one JSC link plus one Nomination link: “1 x Family Superlink Daisy Charm 1 x Genuine Nomination Italian Charms”

66. The advertisement continues:

“JSC Italian Charm – DAISY CHARM Plus Nomination Charm

Item description

18mm (superlink) Family charm of your choice by Daisy Charm[®], plus you also get a single branded Nomination link for your bracelet. So you will receive one branded Daisy Charm and one plain Nomination link, both compatible and for the classic size bracelet.

...

Mix and match with the thousands of Daisy Charm UK branded Italian charms for your classic Italian charm bracelet that can be found on our eBay store, just click on the door symbol near the top of the page.

The Daisy charm is 9mm x 18mm in size, has a matt finish, and the Nomination charm is 9mm in size and has a shiny finish. All our 9mm charms come individually packaged in a small blister packet and have our brand name – Daisy Charm – stamped on the back.”

67. A typical reader of this and other online advertisements from JSC would reasonably have priorities other than pondering in depth which link is made by whom. However, I think a reasonable reader would have received a blurred message about the manufacturing source of the two bundled links and might have formed the impression that both are made for JSC, one of them being styled ‘Nomination’.

68. Mr Pearson argued that proof of what consumers actually thought came from the complaints they made. He drew my attention to seven letters and emails.

69. The first, dated 8 March 2016, was from Natalie Hall of Xen Jewellery Design Ltd in Beverley, East Yorkshire, an authorised Nomination dealer. The letter is to Mr Brown. It begins:

“Dear Ken,

I would like to draw your attention to problems and issues we are facing as a result of Nomination Stainless Steel plain links being pictured alongside copy product of Nomination Charms by JSC which seem to be on Ebay and Amazon.

Firstly there is never a week goes by that we do not have a customer that enters the store and asks us to fit the non-genuine item to their Nomination Bracelet, we point out this is not a genuine Nomination charm but another Italian style charm and that by fitting this to their existing Nomination bracelet this will void the guarantee by Nomination on their existing charms. Generally just stating the item is not genuine is enough to stimulate a response from the consumer. ‘IT IS GENUINE and it came with a steel link that was clearly marked Nomination!’, we then explain that the plain link is indeed genuine but that the charm isn’t. We then try to explain to the customer that the Nomination charms are clearly marked and we show them the stamp on the back.”

70. Ms Hall's letter continues, stating that consumers are unconvinced that their JSC links are not Nomination links and that this creates ill feeling. She also discusses packaging.
71. The second, dated 9 March 2016, was from Shaun Bell, Managing Director of Joshua James, a jewellery business in Hessle, East Yorkshire, addressed to Nomination. Mr Bell complained about a muddle among consumers between charms sold by businesses such as JSC and Nomination charms, but I find his letter too unclear to be sure what the confusion was and why it happened.
72. The third was an email to Mr Brown dated 9 March 2016 from Dale Gamble, Managing Director of J&D Duo Jewellery in Yorkshire. Like Ms Hall Mr Gamble refers to JSC's charms and complains about customers bringing charms which are not made by Nomination expecting them to be fitted to their Nomination bracelets:
- “...when we refuse we have had some serious abuse from these customers, as they just don't understand and in most cases believe they have purchased a genuine product at a reduced price from JSC.”
73. The email is headed 'Without prejudice'. Mr Sinai argued that this showed that Mr Gamble was not prepared to commit himself to the truth of what he said in his letter. I do not accept that. Clearly Mr Gamble did not know what the term means because it was inappropriate in context. I cannot say what he intended by it.
74. Mr Pearson referred me in closing to four further emails but I have not been able to get much from them one way or the other.
75. Mr Brown admitted very fairly in cross-examination that the timing of the three communications to him in March 2016 was not coincidental. They had all been prompted by him as part of an exercise to gather evidence of confusion. I do not believe that this undermines the truth of their contents. I also take the view that the confusion reported by Mr Hall and Mr Gamble was likely to have occurred at some Nomination outlets elsewhere. There is no reason for me to think that there was anything atypical about the way that Xen Jewellery and J&D Duo Jewellery traded such as to make them the only places where confusion could emerge.
76. It seems to me that JSC's advertising and supply of bundled Nomination base links with its own Daisy Charm links has led to confusion in the mind of some of the relevant public. I would guess that it took different forms, but I find that among a significant proportion the confusion took the form of a belief that charms not made by Nomination were genuine Nomination charms.
77. Issue 3 in the present action is about whether the NOMINATION sign was used by JSC in relation to JSC's own charms within the meaning of section 10(1) of the 1994 Act and its equivalent, art.5(1) of the Trade Mark Directive.
78. In *Céline Sàrl v Céline SA*, Case C-17/06, EU:C:2007:497, [2007] ETMR 80, the CJEU said (at [20]):
- “It is clear from the scheme of Art.5 of the Directive that the use of a sign in relation to goods or services within the meaning of Art.5(1) and (2) is use for the purpose of distinguishing the goods or services in question, ...”

79. At least some of JSC's customers thought that JSC's use of the sign NOMINATION distinguished JSC's Daisy Charm links as coming from Nomination. The inference to be drawn is that objectively assessed, the sign was used by JSC in relation to those goods. I find that JSC infringed the Trade Marks pursuant to s.10(1) of the 1994 Act.

Misrepresentation

80. I have found that JSC's use of the NOMINATION sign led a significant proportion of the relevant public to believe that JSC's Daisy Charm links were supplied by Nomination. Such use of the sign therefore constituted a misrepresentation.

Damage

81. The letters from Ms Hall and Mr Gamble point up the damage likely to follow from the misrepresentation: annoyance in the minds of Nomination's customers and the consequent damage to its reputation. I find that there was damage.

Conclusion

82. JSC has infringed the Trade Marks and passed off its own goods as being those of Nomination.