Neutral Citation No: [2025] NICh 13 *Judgment: approved by the court for handing down (subject to editorial corrections)**	*Ref:* **McB12828** *ICOS No:* **20/77389** *Delivered:* **02/09/2025**

IN THE HIGH COURT OF JUSTICE IN NORTHERN IRELAND

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CHANCERY DIVISION

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Between:

C-TEC (NI) LIMITED

Plaintiff

and

GAVIN CAIRNS (T/A SEALANTS NI)

First Defendant

and

SIROFLEX LIMITED

Second Defendant

_____

Mr Edenborough KC with Mr McCausland (instructed by McIldowies Solicitors) for the Plaintiff
Mr Campbell KC with Mr Stevenson (instructed by Carson McDowell Solicitors) for the Second-named Defendant

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McBRIDE J

Introduction

[1] This is a trade mark infringement case which involves consideration of relatively novel concepts in trade mark law including the meaning of the "investment function" of a trade mark; the meaning of "unfair advantage" and "without due cause" in section 10(3) of the Trade Marks Act 1994 and the meaning of "replica" under the comparative advertising regulations.

[2] The dispute arises in respect of advertising material produced by the second named defendant to promote its product "OB1". When the second defendant launched its new sealant product bearing the trade mark "OB1" it disseminated promotional materials which referred to the plaintiff's trade mark "CT1" and stated, *inter alia* that "OB1 is the original CT1 formula". The plaintiff claims these promotional

materials infringed its registered trade mark; constituted passing off and further allege that the defendants' actions amounted to a conspiracy. The second defendant denies trade mark infringement, passing off or conspiracy and submits it has a defence under the comparative advertising regulations.

Representation

[3] Mr Edenborough KC and Mr McCausland of counsel, appeared on behalf of the plaintiff instructed by McIldowies Solicitors. Mr Campbell KC and Mr Stevenson of counsel appeared on behalf of the second-named defendant instructed by Carson McDowell Solicitors. The first-named defendant was not involved in these proceedings and was not represented.

[4] I am grateful to all counsel for their well-researched and carefully crafted skeletons and closing submissions which were focused, clear and concise. These greatly assisted the court in its analysis of the complex, technical, novel and emerging concepts of trade mark law which arose in this case.

The parties

[5] The plaintiff, C-TEC Ltd, is a limited liability company having its registered office at Unit 6, Ashtree Enterprise Park, Newry, Co Down.

[6] The founders and directors of the company are James Walsh and Monica Walsh.

[7] The plaintiff carries on business as a supplier of sealants and adhesive products for use in the construction industry.

[8] The plaintiff supplies its products through a distribution network spread across Northern Ireland, the rest of the United Kingdom, the Republic of Ireland and continental Europe.

The first defendant

[9] The first defendant distributed the plaintiff's products from in or about 2007. On 1 July 2019, he entered into a distribution agreement with the plaintiff. On 4 December 2019, the first defendant ceased to act as distributor for the plaintiff and set himself up as an independent distributor of sealants and adhesives in Northern Ireland in competition with the plaintiff, trading as Sealants (NI).

Second defendant

[10] The second defendant ("the defendant") is a limited liability company whose registered office is in Barnsley, South Yorkshire. Its parent company is Bostik Benelux BV ("Bostick"), formerly Den Braven.

[11] The defendant carries on business as a supplier of, inter alia, sealants and adhesives to the construction industry including a product known as "OB1".

Background

[12] The court heard evidence over several days from Mr Walsh, the director of the plaintiff company; Mr Perry the MD for the defendant, and three experts on sealant composition and properties, namely Dr Kellar and Dr Taylor on behalf of the plaintiff and Dr Petrie on behalf of the defendant.

[13] The following agreed or undisputed facts emerged from the evidence:

[a] Bostik manufactures sealants including sealants referred to as QMS100 and QMS003. QMS100 is a clear sealant and QMS003 is a coloured sealant. QMS100 and QMS003 (collectively referred to as "the original product") were first produced in or around the 1980s. The original product was produced by Den Braven. In 2016, Den Braven was acquired by Arkema Bostik. It was then renamed Bostik Benelux BV ("Bostik").

[b] QMS100 and QMS003 were also supplied to other companies including Hippo and Hilton Banks and Bostik sold the original product directly to the market under its own label Zwalu.

[c] Since 2004/2005, the plaintiff sold the sealants QMS100 and QMS003 by reference to the indicium "CT1".

[d] The plaintiff is the registered proprietor of the UK trade mark 00911433828 (which is the UK comparable right to the original EU trade mark number 011433828) for the word mark "CT1", which was entered on the register on 21 June 2013 for, *inter alia*, "adhesive materials, adhesive sealants for use in the building industry, adhesive compositions and industrial adhesives."

[e] It was agreed that the plaintiff owns no rights to the formulation of the sealants.

[f] Around August 2019, the plaintiff terminated its relationship with Bostik and obtained a sealant, with a different chemical composition, from a third party.

[g] The plaintiff continued to sell and market this product as CT1. Its marketing campaign refers to CT1 as having a new "TRIBRID" technology and as having a new formulation.

[h] From in or around December 2019, Bostik sold its sealants QMS100 and QMS003 to the defendant, which the defendant then sold under the sign "OB1." The defendant's distribution network includes the first defendant.

[i] When the OB1 product first came onto the market in or about January 2020 the defendant actively marketed the product and produced marketing material for or in collaboration with the retailers to whom it sold the OB1 product wholesale.

The advertising materials

[14] The defendant's advertising materials included the following documents:

(a) A Customer Declaration. This states "OB1 has the tried and tested formulation by trade customers, which has been successfully marketed by C-Tec under the CT1 brand for the past fifteen years. CT1 no longer uses the original formulation in its product. Given the success and loyalty built up for this versatile formulation over many years the introduction of the OB1 product from Siroflex, with the original formula, can now be promoted as a viable option for trade customers who wish to continue working with the original tried and tested formulation …"

(b) A flyer produced in collaboration with Screwfix of a conversation with Mr McAleenan an employee of Siroflex. This included the following statements:

> "Q. Tell us about your background in sealants and adhesives?
> A. Well I have worked with the Company C-Tec NI Ltd known as C-Tec for the past 14 years.
> Q. What was your role in C-Tec?
> A. Basically many years ago C-Tec launched the product formulation known as CT1 into the UK market with huge success.
> Q. Why have you launched OB1 through Siroflex?
> A. I have grown up with this formulation for the last 14 years sourced from Siroflex's parent company and it is now part of my DNA now
> Q. So what do you believe is the reason for the success behind this original formulation?
> A. Two reasons. One and most importantly the formulation. It is the best in the market and this has been proven by the support of the trade for over 15 years. Two. A highly accomplished marketing campaign to show the amazing features and benefits of our formulation.
> Q. So what is OB1?
> A. It is the exact same formulation that I have grown and worked with for the past 14 years."

(c) A staff production clarification flyer produced in collaboration with Screwfix. This flyer is headed "OB1 Job Done". It states, "OB1 has the tried and tested formulation by trade customers which has been successfully marketed by C-Tec under the CT1 brand for the past 15 years. CT1 no longer uses the original formulation. Given the success and loyalty built up for this versatile formulation over many years the introduction of OB1 product from Siroflex, with the original formula can now be promoted as a viable option for trade customers who wish to continue working with the original tried and tested formulation."

(d) A staff guide display board produced in collaboration with Screwfix which was displayed in stores. It is headed "OB1 Job done. One tube that does everything."

(e) A comparison table. The comparison table is reproduced at Exhibit 1. It compares the properties of the three products namely, CT1 clear, OB1 clear and CT1 clear new Tribrid. It compares various performance attributes including shrinkage, shore hardness, thermal stability, etc and sets out technical data in respect of each property for each of the three products and assigns green ticks or red crosses in respect of each property. The comparison table assigns five red crosses to the CT1 Tribrid product in respect of full cure time, elasticity, shore hardness, tensile strength and elongation at rupture and comments that CTI Tribrid has,

> "Double the cure time; elasticity almost halved and half the strength of original."

History of Proceedings

[15] The plaintiff's writ, issued on 30 October 2020, claimed breach of contract against the first defendant, breach of the Trade Marks Act 1994 and the common law tort of passing off against both defendants. The statement of claim was amended on 21 March 2023 to include a claim of conspiracy. The final amended amended statement of claim was served on 25 September 2024.

[16] The parties agreed that the claims relating to the first defendant would be stayed pending the outcome of the intellectual property dispute. Accordingly, the first defendant was excused from the trial and the court is not required to address the contractual claim against the first defendant at this stage.

[17] Additionally, at trial the plaintiff's counsel accepted that, because the plaintiff claims the first defendant was a party to the alleged conspiracy, that claim cannot proceed in the first defendant's absence. Accordingly, the court is not required to determine the conspiracy claim at this stage.

[18] The sole matter the court has to determine is whether the second defendant infringed the plaintiff's trade mark, contrary to the Trade Marks Act 1994 and or committed the common law tort of passing off. Mr Edenborough agreed that if the claim for trade mark infringement failed the claim for passing off would also fail. As the passing off claim therefore added nothing, he accepted the court need only consider trade mark infringement. The parties further agreed that the court should only determine liability at this stage with damages for infringement of trade mark to be assessed at a later stage, if necessary.

The plaintiff's claim

[19] The plaintiff's case is that the defendant infringed its trade mark, contrary to section 10(1) and section 10(3) of the Trade Marks Act 1994. The plaintiff further contends that the defendant has no defence as its use of the plaintiff's trade mark was not in accordance with the 2008 Comparative Advertising Regulations – namely the Business Protection from Misleading Marketing Regulations 2008 and the Consumer Protection from Unfair Trading Regulations 2008 ("the 2008 Regulations") and its use was not "in accordance with honest practice in industrial or commercial matters" to provide a defence under section 11 (2) of the Trade Marks Act 1994.

[20] At paras [26]-[32] of the amended statement of claim the plaintiff claims the statements made in the promotional literature; the contents of the comparison table and the use of a demonstration block each separately and cumulatively constitute trade mark infringement.

[21] The statement of claim summarises the offending statements contained in the advertising materials, as follows:

> (a) "OB1 has the tried and tested formulation by trade customers, which has been successfully marketed by C-TEC under the CT brand for the past 15 years. CT1 no longer uses the original formulation in its product.
>
> (b) …the introduction of the OB1 product from Siroflex, with the original formula.
>
> (c) OB1 is the original CT1 formulation.
>
> (d) Original formula – over 15 years.
>
> (e) [OB1] is the exact same formulation as the original [CT1.]"

The plaintiff claims that in using these statements the defendant is in breach of section 10 (1) and has taken unfair advantage of the reputation of CTI contrary to section 10 (3). It further claims the defendant has no defence, as its actions are contrary to the 2008 Regulations, as it is promoting the OB1 product as a replica of CTI.

[22] Secondly, the statement of claim claims that the comparison table constitutes infringement as it erroneously and unfavourably compares CT1 Tribrid to the OB1 product, contrary to the requirements of the 2008 Regulations.

[23] Thirdly, the statement of claim claims the replacement of a CT1 logo with the OB1 logo on a demonstration block originally used by the plaintiff constitutes an infringement. This aspect of the claim was not actively pursued by the plaintiff either in its skeleton argument or in closing submissions to the court. Given the plaintiff's approach, the court does not intend to consider this material as representing part of the plaintiff's claim for trade mark infringement or passing off.

The defence

[24] The defendant avers that the plaintiff has not established all the necessary ingredients of either section 10(1) or section 10(3) of the Trade Marks Act 1994, and further contends that even if they are met, it has a complete defence under the 2008 Regulations as its promotional materials consisted of lawful comparative advertising. Accordingly, the defendant submits that the allegations of infringement must fail.

The evidence

[25] The court heard evidence from several lay and expert witnesses over a number of days. I do not intend to set out in extenso the evidence of each witness but will refer to their evidence when addressing the disputed issues. At this stage, I will only comment on my overall assessment of each witness.

[26] The credibility of the lay witnesses and each expert witness was challenged in cross-examination.

Mr Walsh

[27] Mr Walsh's credibility was attacked on a number of fronts. Whilst there were some frailties in his evidence, overall, I consider he was an honest albeit not an independent witness. I further consider that not much turns on his evidence. He gave evidence in respect of several factual matters which are not in dispute and I have included this evidence in the agreed background and in relation to my findings about investment and reputation.

[28] In respect of most of the disputed issues, for example, in relation to the question whether OB1 was presented as a replica of CT1 and the question whether the change in formulation made a difference to the average consumer, I consider his evidence is not of much relevance. These are questions the court has to answer based on all the circumstances and factual materials before the court and the evidence of Mr Walsh, which was unsurprisingly self-serving in respect of these questions, was not afforded

any weight by the court in determining these questions. Some of the other disputed issues were legal questions and accordingly his evidence was not relevant.

Mr Perry

[29] Similarly, Mr Perry's credibility was attacked. Again, I consider not much turns on his evidence for the same reasons as Mr Walsh's evidence is not of much relevance. Where he gave relevant evidence on a disputed issue I will refer to it. Overall, I considered him to be an honest, albeit not an independent witness.

Expert witnesses

[30] Each of the expert witnesses prepared a report and, thereafter, attended an expert's meeting where a joint minute was agreed. There was no real attack on the credibility of either Dr Petrie or Dr Taylor. I consider each of these experts was an honest witness who gave his evidence in a highly professional manner.

[31] The defendant attacked Dr Kellar's credibility. They did so on the basis that he had outlined in his report that it did not appear to be possible to create a comparison table for the clear product as it was highly likely there were no technical data sheets produced prior to 2020. Some 2-3 weeks before trial he was provided with such a technical data sheet dated 19 December 2019. Under cross-examination he stated that the existence of this data sheet did not cause him to change anything in his expert report. He later conceded that, in light of this data sheet, there were errors in his report. In accordance with the provisions of the expert declaration, Dr Kellar ought to have amended his report after receipt of the 2019 technical data sheet. Notwithstanding his failure to do this, I nonetheless consider that this was an honest oversight on his part. Overall, I consider that he was an honest and professional witness who at all times sought to assist the court with his professional expertise.

The issues in dispute – legal context of the claim and the defence

Plaintiff's claim – breach of section 10(1)

[32] The plaintiff alleges that the defendant's advertising materials constitute infringement of its trade mark, contrary to section 10(1) and section 10(3) of the Trade Marks Act 1994.

[33] Section 10(1) of the Trade Marks Act 1994, provides as follows:

> "A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered."

[34] In *Interflora Inc v Marks & Spencer Plc* [2014] EWCA Civ 1403, Kitchin LJ at para [67] set out the necessary conditions to establish infringement under section 10(1), by referring to its equivalent, article 5(1) of the Directive as follows:

> "…In order to establish infringement… the proprietor of a trade mark must prove the following six conditions are satisfied, namely (i) there must be use of a sign by a third party within the relevant territory; (ii) the use must be in the course of trade; (iii) it must be without the consent of the proprietor; (iv) it must be of a sign which is identical with the trade mark; (v) it must be in relation to goods or services which are identical with those for which the trade mark is registered; and (vi) it must affect or be liable to affect one of the functions of the trade mark."

[35] Section 10(1) is often referred to as "double identity" infringement, as the defendant uses an identical mark to the registered mark in relation to identical goods or services.

[36] The parties agreed that conditions (i)-(v) were met as the promotional materials used an identical sign in relation to identical goods. The parties, however, disputed whether condition (vi) was met.

[37] The defendant contended that the use complained of did not harm any of the functions of the plaintiff's trade mark. The plaintiff submitted that condition (vi) was satisfied as the defendant's materials infringed both the origin and investment functions of the plaintiff's trade mark.

[38] It has long been recognised that the essential function of a trade mark is to indicate the source or trade origins of the goods or services. Another aspect of this function is as a guarantee of quality.

[39] In *L'Oréal SA v Bellure NV* C-487/07, the CJEU held at para [58] that the functions of the trade mark include "not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also other functions, in particular, that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising." The communication, investment and advertising function of a trade mark as identified by the CJEU in *L'Oréal* are relatively novel concepts.

[40] *Kerly's Law of Trade Marks and Trade Names* (17th Edition) (Sweet and Maxwell) at para 2.014 notes:

> "Despite the fact that these other functions have been identified (as the quality, communication, investment or

> advertising functions) their exact role and significance remains somewhat obscure."

Further, at para 16.051 he opines:

> "The origin function and function of guaranteeing quality of goods or services provided under the mark are relatively easily understood. However, the nature of the advertising, communication and investment functions are less clear…The difficulty in defining the functions of a trade mark other than the origin and quality functions makes it difficult to identify use which would (or would not) be liable to affect such functions."

[41] Accordingly, the first question the court has to determine is whether there has been an infringement of one of the functions of the plaintiff's trade mark. As noted by Kerly, this is a new and developing area of the law and the court will, therefore, have to define what the investment function means and determine whether, based on the evidence, it has been infringed by the defendant's advertising materials.

Breach of section 10(3)

[42] Secondly, the plaintiff claims that the defendant has breached section 10(3) of the Trade Marks Act 1994. In *Interflora*, Kitchin LJ set out the nine elements to be satisfied for infringement of a registered trade mark under section 10(3), by referring to the equivalent Article 5(2) of the Directive, at para [69] as follows:

> "…The essential elements of a claim for infringement or a registered trade mark under [section 10(3)]…are:
> (i) the registered trade mark must have a reputation in the relevant territory; (ii) there must be use of a sign by a third party in the relevant territory; (iii) the use must be in the course of trade; (iv) it must be without the consent of the proprietor; (v) it must be of a sign which is identical with or similar to the trade mark; (vi) it must be in relation to goods or services; (vii) it must give rise to a link between the sign and the trade mark in the mind of the average consumer; (viii) it must give rise to one of three types of injury, that is to say, (a) detriment to the distinctive character of the trade mark, (b) detriment to the repute of the trade mark, or (c) unfair advantage being taken of the distinctive character or repute of the trade mark; and (ix) it must be without due cause."

[43] Only two of these elements are in contention, namely requirements (viii) and (ix), that is, whether the use complained of gives rise to any one of the three types of relevant injury and whether such use was without "due cause".

[44] In respect of requirement (viii), the plaintiff does not seek to rely on detriment to the distinctive character of the trade mark, but rather, relies on the other two types of injury, namely detriment to the repute of the trade mark and unfair advantage being taken of the distinctive character or repute of the trade mark.

[45] The defendant denies that any of its actions have caused any of the relevant types of injury to the plaintiff's trade mark and further submits that if it has done so these actions were done with "due cause."

[46] Accordingly, the court must determine whether the plaintiff has suffered one of the relevant types of injury. In determining this question, the court will have to grapple with what defence counsel referred to as "difficult legal terrain" especially in respect of the definition of each type of injury and its inter-relationship with "due cause." After defining the relevant terms, the court will have to determine, based on the evidence, whether the plaintiff, in fact, suffered one of the relevant types of injury and whether the defendant's actions were "without due cause".

The defence – comparative advertising

[47] The defendant submits that its use of the plaintiff's sign complied with the comparative advertising regulations, namely the Business Protection from Misleading Marketing Regulations 2008 and the Consumer Protection from Unfair Trading Regulations 2008 (together referred to as the "2008 Regulations") and in accordance with the ruling in *O2 Holdings Ltd v Hutchinson 3G UK Ltd* [2008] RPC 33, compliance with the 2008 Regulations is a complete defence in respect of any alleged infringement under section 10(1) or section 10(3) of the 1994 Act.

[48] In *O2 Holdings Ltd*, the CJEU, while referring to the equivalent Articles 5(1) and (2) of the Directive, at para [H11] held:

> "…In order to reconcile the protection of registered marks and the use of comparative advertising, [section 10(1), section 10(2) and section 20(3)]…had to be interpreted to the effect that the proprietor of a registered trade mark is not entitled to prevent the use, by a third party, of a sign identical with, or similar to, his mark, in a comparative advertisement which satisfies all the conditions, laid down in Article 3a(1) of Directive 84/450, under which comparative advertising is permitted."

[49] In accordance with *O2 Holdings*, I am satisfied that use of a sign that complies with the 2008 Regulations is excluded from a finding of infringement under section 10(1), (2) and (3) of the 1994 Act.

[50] To avail of this defence, however, the defendant must comply with all the conditions set out in the 2008 Regulations.

[51] The plaintiff submits that the defendant's advertising campaign does not comply with all of the conditions set out in the 2008 Regulations. Firstly, the plaintiff contends the advertising materials breach Regulation 3 (i) of the Business Protection from Misleading Marketing Regulations which provides, "advertising which is misleading is prohibited." The plaintiff submits that the defendant's advertising material is misleading because it erroneously states that OB1 has the "exact same formula" as the original CT1. Further, it submits that some of the information in the comparison table is inaccurate and, therefore, misleading.

[52] Secondly, the plaintiff submits the advertising materials breach Regulation 4 of the Business Protection from Misleading Marketing Regulations, which provide as follows:

> "4. Comparative advertising shall, as far as the comparison is concerned, be permitted only when the following conditions are met—
> …
>
> (f) it does not discredit or denigrate the trade marks…;
>
> (h) it does not take unfair advantage of the reputation of a trade mark…;
>
> (i) it does not present products as imitations or replicas of products bearing a protected trade mark or trade name."

[53] The plaintiff submits that the defendant's advertising materials denigrate and discredit its trade mark, take unfair advantage of its reputation and present OB1 as a replica of CT1 in breach of the 2008 regulations.

[54] In these circumstances the plaintiff submits that the defendant's actions are not in accordance with honest practices in industrial or commercial matters which is necessary for a defence under section 11(2) of the Trade Marks Act 1994, which provides as follows:

> "A registered trade mark is not infringed by…provided the use is in accordance with honest practices in industrial or commercial matters."

[55] The defendant is relying only on a defence under the 2008 regulations and is not seeking to rely on a section 11(2) defence under the Trade Marks Act 1994. I consider that section 11(2), in any event, would only be satisfied if all the conditions set out in the 2008 regulations are complied with.

Questions for determination

[56] Accordingly, the questions the court must determine are:

(a) Question 1 – Were the promotional materials, including the comparison table "liable to affect" one of the functions of the plaintiff's trade mark and thereby infringe section 10 (1) of the Trade Marks Act 1994?

(b) Question 2 - Has the defendant complied with regulation 3 and regulation 4 (f) (g) and (i) of the 2008 regulations and accordingly has the defendant a defence to infringement under section 10(1)?

(c) Question 3 - Did the defendant's promotional materials take 'unfair advantage' of the reputation of CT1 and/ or cause detriment to the repute of the trade mark, 'without due cause' in breach of section 10(3) of the Trade Marks Act 1994?

(d) Question 4 – Has the defendant a defence to breach of section 10(3) of the Trade Marks Act 1994 based on compliance with the requirements of the 2008 regulations?

Consideration

(a) Question 1 – Were the promotional materials, including the comparison table "liable to affect" one of the functions of the plaintiff's trade mark and thereby infringe section 10 (1) of the Trade Marks Act 1994?

[57] The parties agreed that all the requirements for infringement under section 10(1) were met except the requirement that the advertising materials was liable to affect one of the functions of the plaintiff's trade mark.

What are the functions of a trade mark?

Origin

[58] It has long been recognised that the essential function of a trade mark is to denote the trade source or origin from which goods bearing the mark stem or the identity of the entity providing the services in relation to which the mark is used. Ancillary to this is a guarantee of quality. In *Hoffmann-La Roche v Centrafarm* [1978] FSR 598 ECJ at [7], the Court of Justice explained the origin function in the following terms:

> "…the essential function of the trade mark, … is to guarantee the identity of the origin of the trade-marked product to the consumer or ultimate user, by enabling him without any

> possibility of confusion to distinguish that product from products which have another origin."

[59] The CJEU more recently addressed this question in *Arsenal Football Club v Matthew Reid* (C-206/01) [2003] Ch 454 where the defendant, Mr Reid carried on business near Arsenal football ground selling souvenirs and articles of clothing which bore the registered trade mark "Arsenal." The CJEU affirmed the central function of a trade mark was "…to guarantee the identify of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin." (para [48]) (emphasis added)

Has there been infringement of the origin function?

[60] In *Google v Louis Vuitton* [2011] Bus LR 1 the court considered the applicable test to determine whether the origin function of a trade mark is liable to be affected. In *Google*, the defendant operated an internet search engine which enabled economic operators to obtain, by selecting one or more key words, the placing of an advertisement link known as a 'sponsored link'. The plaintiff, the proprietor of trade marks for luxury leather goods, became aware that the entry of terms constituting its trade mark by internet users triggered the display of sponsored links to sites offering imitations of the plaintiff's products. The plaintiff brought proceedings and references were made by the appellate court to the CJEU for preliminary rulings on whether the internet referencing service provided was to be regarded as using the trade marks in a manner which the proprietor was entitled to prevent under Article 5(1) (equivalent to section 10(1)).

[61] The court held that an advertiser who chose as a key word a sign identical with another trade mark "used" the sign within the meaning of Article 5(1) and held that the proprietor of the trade mark could only oppose such use if the use was liable to cause detriment to one of the functions of the trade mark including its essential function of guaranteeing to consumers the origin of the goods or services. At para [84] it set out when the function of indicating the origin of the mark would be adversely affected. It stated as follows:

> "The function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party…"

[62] Similarly, the Advocate General at paras [84] and [85] stated as follows:

> "[84] …The question is whether the link may lead consumers to confuse the origin of the goods or services offered on those sites – even before the content of those sites is taken into account. In order for such a risk to exist, consumers would have to assume, from the mere fact that certain sites are associated with such key words, that those sites originate 'from the same undertaking [as the trade mark proprietors] or, as the case may be, from economically linked undertakings…
>
> [85] Such a risk of confusion cannot be presumed: it must be positively established…The question whether there is a risk of confusion is usually left to the referring court, as it may involve complex factual assessments."

[63] In *Datacard v Eagle* [2011] RPC 17, Arnold J held that the test set out in *Google*, as to whether the origin function of trade mark is liable to be affected, was generally applicable rather than being limited to internet use and stated at paras [263] and [264] as follows:

> "[263] …the court introduces a new test in [84] [of Google]…The new test is that the origin function of the trade mark is adversely affected if the use of the sign considered in context does not enable average consumers, or enables them only with difficulty, to ascertain whether the goods or services referred to under the sign originate from the proprietor of the trade mark or an undertaking economically connected to it, or from a third party. It appears from [84]-[85] and [89]-[90] that this is a test of likelihood of confusion, but with a reverse burden, ie the onus lies upon the third party to show that the use of the sign in context is sufficiently clear that there is no possibility of confusion on the part of the average consumer as to the origin of the advertised goods or services.
>
> [264] It will be appreciated that, in stating the test in this way, I have generalised it from the specific form stated by the court, which is only applicable to key word advertising on the internet. It is difficult to see, however, why the test for adverse effect on the origin function should be different in that situation to the situations in issue in cases like *Arsenal* and *L'Oréal v Bellure*. Nor does the court say that the test is different in that situation."

[64] In *Interflora v Marks & Spencer* at para [151], the court held that the trial judge erred in finding that the burden of proof lay on the third party. It held that the burden lies on the trade mark proprietor to establish that the advertising complained of does

not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the advertisement originate from the trade mark proprietor or an undertaking economically connected to it or, on the contrary, originate from a third party. The Court of Appeal otherwise accepted that the test set out in *Google* was of general application.

[65] I therefore consider the jurisprudence establishes that the test for determining whether the origin function of a trade mark is liable to be affected, is whether the use of the sign creates a "likelihood of confusion" in the eyes of the average consumer and the burden of proof rests on the proprietor of the trade mark.

[66] In *Arsenal*, this test was satisfied as the court held at paras [56] and [57] that the use of the sign "Arsenal" was such as to create the impression that there was a material link in the course of trade between the goods and the trade mark proprietor and there was a clear possibility that some consumers might interpret use of the sign as designating the proprietor as the undertaking of origin of the goods. Accordingly, the court held use of the sign was liable to jeopardise the guarantee of origin. Similarly in *Anheuser-Busch v Budejovicky* [2005] ETMR 27 the court held at para [60]:

> "That is the case, in particular, where the use of that sign allegedly made by the third party is such as to create the impression that there is a material link in trade between the third party's goods and the undertaking from which those goods originate. It must be established whether the consumers targeted, including those who are confronted with the goods after they have left the third party's point of sale, are likely to interpret the sign, as it is used by the third party, as designating or tending to designate the undertaking from which the third party's goods originate."

[67] The plaintiff alleges that by linking the sealants QMS100 and QMS003, now being sold under the sign OB1, to the CT1 trade mark, the defendant has introduced doubt and confusion into the minds of the consumer concerning who is responsible for the trade source of QMS100 and QMS003 and who is responsible for the guarantee of the quality of the product.

[68] Mr Edenborough supported his submission by referencing the fact that many supermarket goods are sold under a premium brand and also under an own labelled brand. The goods are identical and made by the same manufacturer but the own labelled brand does not refer to the premium brand in its marketing as that would damage the perception of the consumer concerning who is responsible for the origin of the premium branded products.

[69] In contrast, the defendant submits the CT1 mark is only used by the defendant to refer to the plaintiff's own product in its original and new versions and, hence, the

mark is used to refer to the correct trade origin and not the wrong one and, accordingly, there is no breach of the origin function.

Was the origin function affected by the defendant's advertising materials?

[70] The burden of proof rests on the plaintiff to establish that the defendant's advertising materials created a likelihood of confusion on the part of consumers as to whether the goods originated from the plaintiff or a third party.

[71] The plaintiff produced no independent evidence of consumer confusion as to origin. Interestingly it did not seek to argue a section 10 (2) infringement which requires proof of consumer confusion and this may be the reason why there was no such evidence before the court. The only evidence which spoke to this issue was Mr Walsh's evidence that he had been inundated with phone calls asking, "are C-TEC/CT1 rebranded, is CT1 gone?". This evidence was not independent evidence and accordingly I afford it no weight.

[72] Nonetheless the absence of such evidence, I find, is not fatal to the claim as the court can, even in the absence of consumer survey evidence for example, assess all the materials and carry out its own assessment of whether the "likelihood of confusion" test on the part of the average consumer is met. All counsel accepted that the court can and should make this determination, even in the absence of expert evidence.

[73] Turning to the promotional materials, I note that the customer declaration states that "OB1 has the tried and tested formulation by trade customers, which has been successfully marketed by C-Tec under the CT1 brand for the past fifteen years" and further refers to "the OB1 product from Siroflex". I consider these statements make it very clear that CT1 originated from the plaintiff and that OB1 is a product from Siroflex. Similarly, the flyer makes clear that OB1 has been launched through Siroflex and the staff production clarification flyer refers to the "introduction of OB1 product from Siroflex". I am satisfied that these statements could not have caused confusion about the origin of the goods in the mind of the average consumer and consider the average consumer would have understood that OB1 had a different trade origin to CT1.

[74] The other promotional material consisted of the comparison table. The plaintiff does not submit that the comparison table caused confusion as to origin. I consider that this concession was correct. In *L'Oréal* the plaintiff was a producer and marketer of luxury perfumes and the proprietor of well-known trade marks. The defendant produced imitations of their fine fragrances. The defendant provided to their retailers lists (comparison lists) which compared the scent of a product of the defendant to the product of the plaintiff, which was being imitated, in each case identified by reference to the word mark by which the plaintiff's product was known. The plaintiff claimed infringement under section 10(1) and section 10(3). During proceedings, the Court of Appeal referred a number of questions to CJEU. One question was whether a proprietor of a trade mark could rely on section 10(1) where a trader used that mark

for comparison purposes in such a way that the use did not jeopardise the essential function of the registered trade mark as a guarantee of origin or other functions of the mark.

[75] Implicit in the questions referred, was the acceptance that use of a comparison table did not jeopardise the essential function of a registered trade mark as a guarantee of origin. This was because the third party was solely using the proprietor's own trade mark to identify or refer to the mark owner's own goods and, accordingly, the origin function was not affected.

[76] Similarly, I consider, that the comparison table in this case uses the plaintiff's registered trade mark to refer to the plaintiff's own goods. I consider such use of the trade mark does not breach its origin function. It was used to compare characteristics of goods and, accordingly, did not jeopardise the essential function of the plaintiff's trade mark.

[77] Having carefully considered all the promotional materials I am satisfied that they make very clear that OB1 is a product produced by the defendant and that CT1 is a product produced by the plaintiff. I am therefore satisfied the plaintiff has not discharged the burden of proving that the average consumer would have been confused about origin. In these circumstances, I do not find that there was any likelihood of confusion in the mind of the average consumer as to origin and accordingly the materials were not liable to affect the origin function of the plaintiff's trade mark.

[78] Additionally, I note that the plaintiff did not, in its statement of claim, claim there was a breach of the origin function. Further in opening the case Mr Edenborough appeared to accept that the plaintiff was relying on a breach of investment function rather than origin. Breach of the origin function was only raised for the first time in the plaintiff's closing submissions. I consider this supports the finding of the court that there was no evidential or legal basis to make good the contention that there was any likelihood of confusion in the mind of the average consumer as to origin.

Meaning of investment function

[79] In *Interflora* at paras [60] and [61], the CJEU held that the investment function of a trade mark is to "acquire or preserve a reputation capable of attracting customers and retaining their loyalty."

[80] Similarly, in *Mitsubishi Shoji Caisha Ltd v Duma Forklifts NV* (C-129/17/EU:C:2018:594) at para [36], the CJEU held:

> "The function of investment of the mark includes the possibility for the proprietor of a mark to employ it in order to acquire or preserve a reputation capable of attracting

> customers and retaining their loyalty, by means of various commercial techniques."

[81] As Kerly observes at para 2.020, the CJEU has now got to the stage where it provides a consistent explanation for the investment function which is "to acquire or preserve a reputation".

Why is the investment function protected?

[82] Although the primary function of a mark is unquestionably that of an indication of origin as CJEU observed in *SIGLA SA v OHIM- Elleni holdings BV* (T-215/03) EU;T2007:93 at para [35]:

> "… The fact remains that a mark also acts as a means of conveying other messages concerning, inter alia, the qualities or particular characteristics of the goods or services which it covers or the images and feelings which it conveys, such as, for example, luxury, lifestyle, exclusivity, adventure, youth. To that effect the mark has an inherent economic value which is independent of and separate from that of the goods and services for which it is registered. The messages in question which are conveyed, inter alia, by a mark with a reputation or which are associated with it confer on that mark a significant value which deserves protection, particularly because in most cases, the reputation of the mark is the result of considerable effort and investment on the part of its proprietor."

[83] Accordingly the court in recognising the investment function is protecting a property right (namely the enhanced value of the trade mark) which arises as a result of the plaintiff's investment in the trade mark.

The extent of protection of the investment function

[84] In *Interflora*, the CJEU at para [63] held:

> "In a situation in which the trade mark already enjoys such a reputation, the investment function is adversely affected where use by a third party of a sign identical with that mark in relation to identical goods or services affects that reputation and thereby jeopardises its maintenance. As the court has already held, the proprietor of a trade mark must be able, by virtue of the exclusive right conferred upon it by the mark, to prevent such use."

[85] Further at para [62], the CJEU held that the investment function was breached if there was "substantial interference" and stated:

> "When the use by a third party, such as a competitor of the trade mark proprietor, of a sign identical with the trade mark in relation to goods or services identical with those for which the mark is registered substantially interferes with the proprietor's use of its trade mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty, the third party's use must be regarded as adversely affecting the trade mark's investment function."

[86] Similarly, in *Mitsubishi*, the court held at para [36] that:

> "… when the use by a third party, such as a competitor of the trade mark proprietor, of a sign identical to the trade mark in relation to goods or services identical with those for which the mark is registered substantially interferes with the proprietor's use of its trade mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty, the third party's use adversely affects that function of the trade mark. The proprietor is, as a consequence, entitled to prevent such use under Article 5(1)(a) [section 10(1)]."

[87] At para [64] the CJEU then stated:

> "However, it cannot be accepted that the proprietor of a trade mark may – in conditions of fair competition that respect the trade mark's function as an indication of origin – prevent a competitor from using a sign identical with that trade mark in relation to goods or services identical with those for which the mark is registered, if the only consequence of that use is to oblige the proprietor of that trade mark to adapt its efforts to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty. Likewise, the fact that that use may prompt some consumers to switch from goods or services bearing that trade mark cannot be successfully relied on by the proprietor of the mark."

[88] In *Interflora* the CJEU, after setting out a wide definition of what would constitute substantial interference at para 63, then limits it by its comments in para [64]. Paragraph [64] makes explicit reference to "conditions of fair competition" and states that if these are observed, then the fact the plaintiff needs to adapt its efforts to acquire or preserve a reputation or the fact some consumers switch from the goods bearing the trade mark does not amount to "substantial interference" with the investment function of the trade mark. The court did not define what the conditions of fair competition were but I consider fair competition must be "in accordance with honest practices in industrial or commercial matters" as per section 11 (2) of the Trade

Marks Act 1994 and otherwise must comply with the provisions set out in the 2008 Regulations.

[89] Kerly observes at para 2-019 that the "… distinction which the CJEU appears to be making (in [63] and [64] of *Interflora* (CJEU)) is between what may be termed normal competition … as opposed to … advertising which adversely affects the reputation of the mark…Only the latter adversely affects the investment function."

[90] I therefore consider that when deciding whether the investment function is adversely affected the court is navigating the tricky dividing line between what is fair and unfair competition. It is not the purpose of trade mark law to protect a proprietor of a trade mark against fair competition as confirmed in *Interflora* 2014 EWCA 1403 Civ at [138] when the Court of Appeal opined that offering internet users alternatives to the goods or services of those of trade mark proprietors was not inherently objectionable.

The central ingredients for breach of investment function

[91] To establish breach of the investment function, I consider, the plaintiff must establish the following:

(i) There was investment in the trade mark;

(ii) This investment created or enhanced its reputation; and,

(iii) The defendant's use of the trade mark substantially interfered with the plaintiff's use of its trade mark to acquire or retain customers, in a manner which constituted unfair competition.

Was there investment in the plaintiff's trade mark?

[92] Mr Walsh gave undisputed evidence that the plaintiff had invested approximately £10m in total in promoting the CT1 trade mark. These monies were spent on promoting CT1 through trade fairs, local radio, in trade magazines, national newspapers, social media and through influencers. Additionally, the plaintiff invested approximately £100,000-£150,000 per annum training its sales force to market the CT1 product.

Reputation

[93] The CJEU set out the law relating to reputation in *General Motors v Yplon* C-375/97, ECLI:EU:C:1999:408 [1999] ETMR 950. Essentially, reputation is about recognition and at para [27], the court stated:

> "In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the

> case, in particular, the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it."

[94] Mr Walsh gave evidence that because of investment in promoting the CT1 trade mark, the CT1 product became "very recognised" and trade customers said, "if you want the seals, if you want to do the work properly, just CT1 it." He further reiterated that part of CT1's reputation was that you only needed one product, CT1, rather than several products to get the job done.

[95] Due to investment in promoting the CT1 trade mark, sales grew from selling approximately 25,000 units per annum in 2004 to now selling over six million units per annum. CT1 enjoys a 40% share of the market and is the number one sealant in the hybrid market in the United Kingdom.

[96] Mr Perry, under cross-examination, agreed that CT1 had been very successful and was the number one sealant in the United Kingdom in the hybrid market. He accepted that the CT1 brand was known and that when the public refer to CT1, the only company they are referring to is the plaintiff company. He further accepted that CT1 is a brand by which the formulations of the sealants QMS100 and QMS003 are known to the public. Otherwise, QMS100 and QMS003 are not known to the public. He further accepted that there was a loyalty to the CT1 brand and that the plaintiff's promotional marketing campaign had enhanced CT1's reputation.

[97] In light of the uncontroverted evidence, I am satisfied that the investment in CT1 affected how the public perceived it and how it operated in the sealant market. CTI gained a reputation in respect of its quality, reliability, and the fact it was the only product needed to do the job. Due to investment in the mark there was considerable growth in the business.

Was there substantial interference with the investment function?

[98] The Customer Declaration states:

> "OB1 has the tried and tested formulation by trade customers, which has been successfully marketed by C-Tec under the CT1 brand for the past fifteen years. CT1 no longer uses the original formulation in its product. Given the success and loyalty built up for this versatile formulation over many years the introduction of the OB1 product from Siroflex, with the original formula can now be promoted as a viable option for trade customers who wish to continue working with the original tried and tested formulation …"

I consider this document does not simply advise customers that the products CT1 and OB1 have the same formula. Rather the reference to the "the tried and tested" formula is a reference to attributes of CT1 which constitute part of the reputation CT1 has earned over the years due to the investment the plaintiff has made in the trade mark. I consider that through this document the defendant is seeking to promote and sell its OB1 product claiming it has not only the same formula but all the reputational attributes of CT1. In so doing I find that the defendant has substantially interfered with the plaintiff's use of its trade mark to acquire or preserve a reputation capable of attracting customers and retaining their loyalty.

[99] Additionally, a staff guide display board states, "OB1 Job done." This is not a reference to the formula but rather a reference to the reputation CT1 has earned through the plaintiff's investment in CT1, namely that it is a quality product, is reliable and is the only product needed to complete the job. The staff production clarification flyer states, "OB1 has the tried and tested formulation by trade customers which has been successfully marketed by C-Tec under the CT1 brand for the past 15 years ". The "tried and tested formula" that is known to the industry is not QMS 100 or QMS 003 but CT1 and CT1 is known because of the investment by the plaintiff in this trade mark.

[100] Accordingly, I consider the defendant's materials are claiming for OB1 all the attributes CT1 has earned by reputation through the plaintiff's investment in the CT1 trade mark. By claiming all the reputational attributes of the CT1 trade mark for its OB1 product the defendant is thereby seeking to direct the customers who were drawn to CT1 due to its reputation, to transfer their allegiance to OB1. In so doing I consider the fruits of the plaintiff's investment in enhancing CT1's reputation are effectively extinguished or substantially reduced.

[101] Mr Campbell submitted the plaintiff could not establish actual interference with the investment function as its sales had increased after the launch of OB1. In contrast Mr Edenborough relied on the evidence of Mr Walsh who stated he had lost a £1M contract due to the defendant's marketing materials and further stated the plaintiff's sales would have been even greater if the defendant has not produced these advertising materials.

[102] The test is whether the investment function is "liable to be affected". In determining this question the court does not, I consider, at the liability stage, require evidence of actual financial loss.

[103] I am satisfied the defendant through the advertising materials sought to gain the custom of the plaintiff's customers by claiming OB1 had all the attributes CT1 had gained due to the plaintiff's investment in CT1 and I consider this conduct was liable to affect the investment function as it could deprive the plaintiff of the fruits of its investment in CT1.

[104] The main reason the court protects the investment function is to protect the enhanced value inuring to the trade mark gained through investment in increasing its reputation. I consider the defendant's actions by seeking to take for OB1 all the reputation of CT1, without paying for it, constitutes substantial interference with the investment function of the plaintiff's trade mark.

Is it fair competition?

[105] Further, I consider, the defendant's actions do not represent fair competition as it would not be fair, without paying for it, to allow a competitor to claim for its own benefit all the years of investment the plaintiff has invested in building the reputation of the CT1 trade mark.

[106] Additionally, I consider the defendant's conduct amounts to unfair competition because, as appears later in my judgment I find the defendant's actions amount to taking "unfair advantage" of the plaintiff's reputation and the defendant otherwise presents OB1 as a replica of CT1. Such actions are in breach of the 2008 Regulations and do not accord with "honest practices in industrial or commercial matters" and accordingly I find there has been a substantial breach of the investment function.

Question 1 – Conclusion

[107] In all the circumstances, I find there is a breach of section 10(1) subject to any defence the defendant may have under the 2008 Regulations.

(b) Question 2 - Has the defendant complied with regulation 3 and regulation 4 (f) (g) and (i) of the 2008 regulations and accordingly has the defendant a defence to infringement under section 10(1)?

[108] As outlined earlier, the defendant has a complete defence to any infringement under section 10(1) if he can show compliance with all the conditions set out in the 2008 Regulations. The plaintiff submits the defendant cannot rely on this defence because it has failed to comply with Regulation 3 and Regulation 4 sub-paras (f), (h) and (i) because the advertising materials are misleading; they discredit CT1; they present OB1 as a replica and they take 'unfair advantage' of the reputation of the plaintiff's trade mark.

Are the defendant's advertising materials misleading?

[109] Regulation 3 prohibits advertising which is misleading. Regulation 3(2) states advertising is misleading which "in any way…deceives or is likely to deceive the traders to whom it is addressed or whom it reaches and by reason of its deceptive nature is likely to affect their economic behaviour." Regulation 3(3) states that in determining whether advertising is misleading account shall be taken of all its features and, in particular, of any information it contains concerning the characteristics of the

product. The characteristics of the product are defined in Regulation 3(4)(d) as including the composition of the product.

[110] The plaintiff submits that the defendant's materials are misleading as they erroneously state OB1 has the exact same formula as the original CT1 and the plaintiff further submits that the comparison table is misleading as it omits to describe shore hardness to standard A or D and erroneously states that the thermal stability of CT1 and OB1 is -40°C to 120°C when, in fact, it is -30°C to 95°C.

Expert evidence regarding the formulation of OB1 and CT1

Dr Petrie

[111] Dr Petrie an expert in adhesives and sealant products was engaged by the defendant to prepare an expert report in respect of two questions, namely:

(i) Is OB1 the same product as was used in CT1 immediately before it terminated its relationship with Bostik? If no, do the amendments to QMS100 and QMS003 substantially affect such product?; and

(ii) Is OB1 the same product as was used in CT1 at all times since the beginning of C-TEC's relationship with Bostik? If no, do the amendments to QMS100 and QMS003 substantially affect such products?

[112] In relation to question 1, Mr Petrie concluded that there were changes in the formula for both QMS100 and QMS003 between the period 2004 and 2019. He also noted that there were slight changes in the formulation of CT1, which was produced just before the plaintiff terminated its relationship with Bostik, and the first iteration of OB1. He concluded that the changes were minor and in his opinion customers would not have noticed any change in the product.

Dr Kellar and Dr Taylor

[113] Dr Kellar was instructed by the plaintiff to address the same question, but he felt he was not qualified to do so and asked Dr Taylor, an eminent chemist, to address the question of formulation. He specifically addressed the question "Were there any changes in the formulation?" He was not asked to, and did not report on, whether the changes in formula affected performance and did not comment on how they were perceived by the average consumer. He carried out a detailed analysis of the formulations for both the opaque and transparent products at a range of resolutions from 'coarse' to the 'highest level' of detail possible with the available data. He concluded that the formulations had changed over time. In his oral evidence to the court, he stated that in his mind, there was no equivalence between OB1 and the original CT1 and the statement that OB1 was exactly the same as the original CT1 was incorrect. Dr Taylor stated that at high levels of precision there were clear differences

between CT1 and OB1 but, accepted that at the very lowest level of resolution, the products could be described as identical.

Experts' meeting

[114] The experts met and prepared a joint minute. This records at para 1.45:

> "Mr Petrie maintained that his opinion was still valid, ie that purchasers of the product would not have noticed any change in the product and Dr Kellar and Dr Taylor did not disagree with that."

[115] When Dr Taylor gave evidence, he opined that changes in the formulation could over time affect performance and become apparent to customers. He did concede, however, that he had no data to support this conclusion and it was mere speculation on his part. In contrast, Dr Petrie said in his view, this was very unlikely and, in any event, would not be measurable.

My findings on the expert evidence

[116] I find that all experts were agreed that there was a change in the exact chemical formulation from the earliest CT1 product to the last CT1 product produced in August 2019. Further, I find that there were chemical changes in the formulation of the CT1 formulation dated August 2019, i.e. just before the plaintiff ended its relationship with Bostik and the first OB1 product dated December 2019.

[117] I note, however, that although Dr Taylor accepted CT1 dated August 2019 and OB1 dated December 2019 were not exactly the same, at the very lowest level of resolution they could be described as identical.

[118] The experts differed over whether the changes in formulation affected performance, but Dr Taylor conceded that he had no data to support his view they would, and it was mere speculation on his part.

[119] Although Dr Kellar and Dr Taylor did not address the question whether a purchaser of the product would have noticed any change in it, at the experts' meeting they did not disagree with Dr Petrie's conclusion that purchasers of the product would not notice any change in the product.

Consideration

[120] Under Regulation 3, the test whether advertising is misleading, is whether it "deceives or is likely to deceive the traders to whom it is addressed or whom it reaches." In *Kingspan Group Plc v Rockwool Ltd* [2011] EWHC 250 (Ch), Kitchin J said at para [232] in relation to misleading advertising:

> "It is for the national court to ascertain the circumstances of each case and, bearing in mind the consumers to which the advertising is addressed, whether the latter may be misleading. The court must take into account the perception of the average consumer of the products or services being advertised who is reasonably well-informed and reasonably observant and circumspect." (my emphasis added)

[121] The parties agreed the average consumer test applied and the average consumer was someone engaged in the construction industry or DIY.

[122] I find the defendant's statement "OB1 had the exact same formulation as CT1" is not misleading. From the consumer's perspective, the two products were to all intents and purposes exactly the same. The changes in formulation were very slight and Dr Taylor conceded that at the lowest level of resolution they could be described as identical. I am satisfied, on the basis of the expert evidence and lay evidence that the average consumer would not have noticed the changes. There was no evidence that the changes in formulation would affect performance of the products and the preponderance of the evidence of the lay witnesses and Dr Petrie was that customers would not notice the changes and Dr Taylor and Dr Kellar conceded at the experts' meeting that consumers would not have noticed the changes.

[123] I find that Mr Walsh did not advise his customers of various changes to CT1's formulation between 2004 and 2019. This is further support for my conclusion that the changes in formulation did not affect the customer's perception of the product. Accordingly, I find there was no deception in the advertisement which said the two products had the exact same formulation.

Was the comparison table misleading?

[124] The only expert who addressed the comparison table was Dr Kellar. Dr Petrie did not address this issue and neither did Dr Taylor. Dr Kellar was instructed by the plaintiff to address the accuracy of the comparison table. The comparison table is the table which listed the properties of CT1 clear original, OB1 clear and CT1 clear new Tribrid. He noted that there were two errors in the comparison table. Firstly, he noted in respect of "shore hardness" the comparison table did not state it was done to standard A. Shore hardness A is used to measure the softest materials and shore D harder materials. When hardness data is quoted, he stated that it should refer to shore A or shore D. Secondly, he noted that the comparison table erroneously stated that all the products had a thermal stability up to 120°C when, in fact, the technical data sheets showed it was only up to 90°C.

[125] In his oral evidence he said thermal stability was important as certain products needed to be able to withstand boiling point, especially, for example, use in the kitchen. Therefore, a product which was only tolerant to 90° would not be suitable for such use.

[126] The only other witness who gave evidence in respect of this matter was Mr Perry. He averred that the contents of the comparison table were based on technical data sheets produced by the RND department of the manufacturing plant. He stated that all the figures in the comparison table matched the technical data sheets. He noted that the measurement of A was not described in respect of shore hardness. He said that all sealants and cartridges are shore hardness A and that shore hardness D is for non-adhesive sealants. Accordingly, he opined that the missing A was not relevant to the average consumer as everyone knew A applied to sealant adhesives. Mr Perry was not challenged in respect of this during cross-examination.

Consideration

[127] I consider the comparison table was completely accurate in all respects save the omission of the letter A against shore hardness and the fact it recorded that thermal stability went up to 120°C rather than 90°C.

[128] In respect of shore hardness, I accept Mr Perry's evidence that A applies to sealants and because Dr Kellar said A showed it was a soft material and D showed it was a hard material. Accordingly, I accept that customers who are reasonably well-informed would know that shore hardness of a sealant would be A rather than D. Accordingly, I consider the omission of the letter A was not misleading to the average consumer.

[129] In respect of the error in the comparison table in respect of thermal stability, the question is whether this not only would have misled the average consumer but would also be likely to affect their economic behaviour or injure or likely to injure a competitor. Whilst the error in respect of the characteristics of the products could have an impact on its uses and fitness for carrying out certain jobs, for example, in a kitchen where there may be boiling water, I do not find that this error would be likely to affect the economic behaviour of consumers given that this attribute is mis-attributed to all of the products in the comparison table. I, therefore, do not think the error would be likely to affect consumer's economic behaviour or otherwise injure or likely to injure a competitor.

[130] I further note that the point about thermal stability was not in any of the experts' reports and was not focussed on in any of the pleadings. I consider that the parties considered it to be a minor matter and, in the overall context of the comparison table, I do not consider that this error would have been likely to mislead, and I consider it would not have been likely to affect economic behaviour.

[131] Accordingly, I find that the defendant's materials were not misleading.

Do the defendant's materials discredit or denigrate the plaintiff's product?

[132] The plaintiff submits that the use of red crosses in the comparison table implied negative connotations in respect of the new CT1 tribrid product now sold under the CT1 trade mark, contrary to regulation 4 (f) which provides comparative advertising shall not "discredit or denigrate the trade marks…"

Expert evidence

[133] Dr Kellar gave evidence that he considered the use of red crosses denoted a negative connotation. He accepted he had not mentioned this in his report and it had not been mentioned at the experts' meeting. In cross-examination he said it was not something "that just immediately leapt out at me." Dr Kellar did accept that the properties of a product were relevant to the nature of the job to be done.

[134] Dr Petrie was cross-examined about the comparison table. He stated that different jobs required the sealant to have different properties, and the fact a sealant did not have a certain property was not always a negative. It depended on the nature of the job to be done. When asked whether the five crosses against Tribrid conveyed that it was a less good product, he said that it did not imply CT1 was not to be used because everything depended on the application.

[141] Mr Perry, in his evidence, also rejected the suggestion that the red crosses denoted a negative connotation and that green ticks indicated a positive quality. He said they just indicated that the products had different properties and customers required this information as different jobs required sealants with different properties. Accordingly, he denied there was any attempt to denigrate CT1 Tribrid.

[142] I find that all the experts agreed that the properties of a sealant are relevant to the nature of the job to be done. In some cases, for example, tensile strength is important and in other cases it may be irrelevant or the opposite of what is required. Therefore, the fact a sealant does or does not have a certain property, is not always a negative, it simply affects its ability to carry out a certain task. Whilst the experts and the lay witnesses expressed different views about whether red crosses or green ticks implied negative or positive attributes, I find, that whilst a red cross and a green tick can in certain situations have such connotations, in the comparison table the red cross simply denoted a property the sealant did not have and the green tick denoted a property that it did have. I, therefore, find the red crosses and green ticks were simply a way of denoting the properties the product had or did not have. This is something that customers would be interested in knowing as the properties of the sealant determines which jobs it is suitable or not suitable for.

[143] Accordingly, I consider that the average well-informed consumer would not view red crosses or green ticks in the comparison table as denoting negative or positive connotations but rather were a means to communicate whether the product had a certain property. I, therefore, do not find the average consumer would view the comparison table as discrediting or denigrating the plaintiff's CT1 Tribrid product. A comparison table compares products. That is what comparative advertising is all

about. Accordingly, I find that the crosses and ticks did not denote good or bad, but rather, similarities and differences in the properties of the products.

[144] I do not find that there was any further evidence of denigration of the CT1 trade mark. Mr Edenborough submitted that emails sent by Mr McAleenan to Mr Cairns denigrated CT1. The emails were never proved in evidence and Mr McAleenan was not called as a witness. Under cross-examination Mr Perry did not accept the emails denigrated the product and highlighted that he did not write the emails. In these circumstances I do not find that the plaintiff has established on the evidence that the emails denigrated the trade mark.

Was OB1 presented as an imitation or replica?

[145] Regulation 4(i) provides that comparative advertising may be permitted if it "does not present products as imitations or replicas of products bearing a protected trade mark or trade name".

[146] The meaning of this provision was considered by the CJEU in *L'Oréal SA, Lancôme parfums et beauté & Cie SNC and Laboratoire Garnier & Cie v Bellure NV, Malaika Investments Ltd and Starion International Ltd.* (Case C-487/07), often referred to as the "smell alike" case which involved comparison lists. In *L'Oréal*, the plaintiffs were producers and marketers of luxury perfumes and the owners of well-known trade marks. The defendant provided to its retailers lists which compared the scent of a product of the defendants to the products of the plaintiffs, which was being imitated, in each case identified by reference to the word mark by which the plaintiffs' products were known.

[147] The CJEU at paras [73]-[76], confirmed that the equivalent provision to regulation 4 (i) covers not just counterfeit goods but also imitations and replicas. It further stated that the provision did not require either that the comparative advertising be misleading in nature or that there be a likelihood of confusion.

[148] At para [75] the court held that the object of the provision was:

> "… to prohibit an advertiser from stating in comparative advertising that the product or service marketed by him constitutes an imitation or replica of the product or the service covered by the trade mark. In that regard, as the Advocate General stated in para [84] of his opinion, it is not only advertisements which explicitly evoke the idea of imitation or reproduction which are prohibited, but also those which, having regard to the overall presentation and economic context, are capable of implicitly communicating such an idea to the public at whom they are directed."

[149] In *L'Oréal* the CJEU held at para [76] that the object and effect of the defendant's comparison lists was to draw the attention of the public to the original fragrance which bore the trade mark. The defendant's comparison list then attested to the fact that its perfumes were imitations of the fragrances marketed under the trade marks belonging to the plaintiffs. The court held that in so doing the defendant was presenting the goods as "imitations" of goods bearing a protected trade mark. The court further accepted the view of the Advocate General at para [88] of his opinion "…it is irrelevant in that regard whether the advertisement indicates that it relates to an imitation of the product bearing a protected mark as a whole or merely the imitation of an essential characteristic of that product such as, in the present case, the smell of the goods in question."

[150] Whilst it is perfectly lawful to make an imitation of a successful product the advertiser is not allowed to tell their consumers that the product in question is such an imitation or replica. Accordingly, under regulation 4(i) the defendant is prohibited from expressly or implicitly communicating to the public that OB1 is an imitation or a replica of CT1.

[151] *L'Oréal* was a case involving imitations and not replicas. The Advocate General in his opinion however also addressed the meaning of "replica" at paras [81]-[89]. He opined as follows:

> "[82] …In my opinion the concepts of imitations and replica allude to the fact that, in conceiving his own product the manufacturer did not rely on his own creative resources but attempted, only partly successfully, to endow it with the same characteristics as a product bearing another person' trade mark or attempted, successfully to endow it with very similar characteristics (both situations constituting imitations) or has actually succeeded in reproducing entirely the characteristics of the latter product (replicas).
>
> [83] The prohibition is therefore aimed at a particular kind of presentation of the goods or services…
> …
>
> [88] In that regard since it is the open 'confession' in advertising that a product is an imitation or replica of a product bearing a protected trade mark that the legislation is designed to combat in order to protect that product, I am of the opinion that an advertisement which indicates, explicitly or by implication, that a characteristic of the advertised product imitates or reproduces the corresponding characteristic of a product protected by another person's trade mark, does not comply with the condition in question under which comparative advertising is permitted…"

[152] Mr Campbell submitted that for something to qualify as a "replica" "creativity" had to be involved. In this case there was no creativity as the product was a "white label" product produced by Bostik. Accordingly, he submitted it was not a replica. I do not accept this proposition. In *L'Oréal* the reference by the Advocate General to creativity related to imitations and not replicas. When referring to "replica" he applied the ordinary natural meaning to the word replica and defined it as "… reproducing entirely the characteristics" of the other product.

[153] The question for the court, therefore, is whether the defendant, either expressly or implicitly, communicated to the public that OB1 reproduced entirely all, or all the essential characteristics of CT1.

[154] In determining whether the advertising materials presented OB1 to the public as a replica of CT1 either expressly or implicitly, the court can take into account the overall presentation and the economic context.

[155] In deciding this question, I find the evidence of the lay witnesses did not assist the court. They were not independent and unsurprisingly each gave self-serving evidence in relation to this question.

[156] Having regard to the overall presentation of the advertising materials and the economic context, I consider the defendant's advertising campaign expressly communicated to the public that OB1 reproduced entirely all the essential characteristics of CT1 – namely it had the same formula, reliability, quality etc. For example, the flyer which records a conversation with Mr McAleenan states as follows:

> "Q. So what is OB1?
>
> A. It is the exact same formulation that I have grown and worked with for the past 14 years. "

I consider that this conversation explicitly communicates to the public that OB1 was a replica of CT1, because it had the same formula (an essential characteristic of a sealant).

[157] Further, I consider the statement in the Customer Declaration that "… the OB1 product from Siroflex, with the original formula can now be promoted as a viable option for trade customers who wish to continue working the original tried and tested formulation …" was an express communication to the public that OB1 had the same formulation as CT1 (which is the essential characteristic of sealants) and that OB1 was identical in every other way to CT1 as the advertising material referred to all the attributes CT1 had by reputation and imputed those attributes to OB1. By promoting OB1 as a viable option for trade customers who wished to continue working the original tried and tested formulation, I find the defendant was presenting OB1 as a

replica of CT1 because the literature communicated that customers who used the original CT1 could now purchase OB1 because it was identical to the original CT1.

[158] I further find that, through the use of green ticks in the comparison table, the defendant presented OB1 as possessing all the characteristics CT1 had. In so doing I find that the defendant was presenting OB1 as a replica of CT1. This amounts to the "open confession" referred to in para [38] of *L'Oréal*. In these circumstances I am satisfied that the defendant's promotional materials did not comply with regulation 4(i) in the 2008 Regulations.

Question 2 - Conclusion

[159] Given my finding that the defendant presented OB1 as a replica of CT1 the 2008 regulations have not been complied with and, therefore, the defendant is not afforded a defence under the 2008 regulations to the section 10(1) breach.

[160] The plaintiff additionally submitted that the defendant's actions were in breach of regulation 4(h) which provides that comparative advertising shall only be permitted when "it does not take unfair advantage of the reputation of a trace mark." The plaintiff further claims breach of section 10 (3) of the Trade Marks Act 1994. Strictly speaking, given my finding on section 10(1), and my finding OB1 was presented as a replica of CT1, it is not necessary to consider whether there has also been a breach of regulation 4 (h) or of section 10 (3).

[161] In the event that I have erred in my findings about breach of section 10 (1) and my finding that OB1 was presented as a replica of CT1 I now turn to consider whether there is a breach of section 10 (3) and if so whether the defendant has a defence under the 2008 regulations.

(c) Question 3 - Did the defendant's promotional materials take 'unfair advantage' of the reputation of CT1 and/ or cause detriment to the repute of the trade mark, 'without due cause' in breach of section 10(3) of the Trade Marks Act 1994?

[162] Although Mr Campbell submitted it was difficult to conceive of a situation where the plaintiff would fail on section 10(1) and succeed on section 10(3), the court in *L'Oréal* at para [30], stated that section 10(3) provides a wider form of protection than that laid down in section 10(1) and, therefore, there may be situations in which section 10(1) is not infringed but section 10(3) is.

[163] The disputed conditions in respect of whether section 10(3) is infringed are:

(i) Whether the defendant's use of the CT1 trade mark caused a detriment to the repute of the mark.

(ii) Whether the defendant's use of the CT1 trade mark takes "unfair advantage" of the distinctive character of the repute of the trade mark.

(iii) Whether, if the answer to either (i) or (ii) above is yes, the defendant's use of the CT1 trade mark was without "due cause?"

Was there a detriment to the repute?

[164] The plaintiff claims there is detriment to the repute of the CT1 trade mark as the defendant has unfairly and wrongly denigrated the new CT1 Tribrid product in the comparison table by ascribing to it five red crosses. Mr Kellar said the 5 red crosses indicated it was a "less good" product.

[165] As set out earlier, I consider the use of red crosses and green ticks in the context of the comparison table did not indicate something was either bad or good, but rather, indicated whether the product possessed certain properties. All the lay and expert witnesses agreed that the absence of a property indicated that the product may or may not be suitable for certain applications. Consumers want and need to know what properties a product has as this affects its suitability for certain tasks. Accordingly, I find that the use of red crosses in the comparison table was a valid and appropriate to inform customers about the properties of each product. Therefore, the use of red crosses did not discredit or denigrate the plaintiff's trade mark.

Was unfair advantage taken?

[166] Smith J, in *Lidl v Tesco Stores* [2023] EWHC 873 (Ch), helpfully summarised the principles relating to unfair advantage emerging from the existing jurisprudence at para 73 (20)- (25) as follows:

> "The concept of taking unfair advantage of the distinctive character or the repute of the trade mark, also referred to as parasitism or free-riding, relates to 'the advantage taken by the third party as a result of the use of the identical or similar sign.' It covers cases where, 'by reason of the transfer of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat tails of the mark with a reputation.'" (*L'Oréal SA v Bellure NV* at [41]).
>
> (21) In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant in the circumstances of the case, which include the strength of the mark's reputation and the degree of distinctive character of the mark, the degree of similarity between the

marks at issue and the nature and degree of proximity of the goods or services concerned (*L'Oréal* at [44]). The global assessment may also take into account, where necessary, 'the fact that there is a likelihood of dilution or tarnishment of the mark.' (*L'Oréal* at [45]).

(22) Where a third party attempts through the use of a sign similar to a mark with reputation to ride on the coat tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that had been unfairly taken of the distinctive character or the repute of that mark (*L'Oréal* at [49] and also IG Communications at [110]).

(23) Although a defendant's conduct is most likely to be regarded as unfair 'where he intends to take advantage of the reputation and goodwill of the trade mark', it is not necessary to prove that the defendant subjectively intended to exploit the reputation and goodwill of the mark in order to establish that the use of the sign amounts to unfair advantage. It will be sufficient if the objective effect of the use complained of is to enable the defendant to benefit from the reputation and goodwill of the trade mark - *Jack Wills* at [109]-[110].

(24) Where intention is present, it is likely to provide real assistance to a claimant's case. In the context of s.10(2), Kitchin LJ said in Specsavers at [115]:

> 'In my judgment it is important to distinguish between a defendant who takes a conscious decision to live dangerously and one who intends to cause deception and deliberately seeks to take the benefit of another trader's goodwill. It has long been established that if it is shown that a defendant has deliberately sought to take the benefit of a claimant's goodwill for himself the court will not 'be astute to say that he cannot succeed in doing that which he is straining every nerve to do' see *Slazenger &*

> *Sons v Feltham & Co* (1889) 6 RPC 130 at p.538 per Lindley LJ.'
>
> …The court must not confuse an intention to benefit from similarities in approach and presentation of a business with the more specific intention to benefit from the reputation and goodwill of the registered trade mark (*PlanetArt* at [38]).
>
> (25) To establish unfair advantage, a change in economic behaviour of customers for the defendants' goods or services, or the likelihood of such a change, must be shown. The fact of economic advantage is not enough: '[s]o to hold would be to empty the word 'unfair' of any meaning' (see *Argos* at [107]-[108] and *Easygroup* at [187]). There has to be an 'unfair' advantage, not merely an economic (or commercial) one (see *PlanetArt* at [35])."

[167] As confirmed by Sir Anthony Mann, any change in economic behaviour need only be on the part of customers of the defendant, rather than those of the plaintiff (*Easygroup Ltd v Easy Live (Services) Ltd* [2022] EWHC 3327 (Ch).

What is use without due cause?

[168] In *L'Oréal* the court summarised unfair advantage in the following terms at para [41]:-

> "[41] As regards the concept of 'taking unfair advantage of the distinctive character or the repute of the trade mark', also referred to as 'parasitism' or 'free-riding', that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation."

Thus the CJEU considered that use by a competitor of a mark with a reputation can take "unfair advantage" even if it causes no harm to the distinctive character or repute of the mark or more generally to the interests of the trade mark proprietor. The CJEU considers that the mere fact of taking advantage without paying is enough to amount to advantage unfair. The Court of Appeal in *Whirlpool v Kenwood* [2009] EWCA Civ 753, rejected the proposition that mere advantage was enough to give rise to infringement and held that either an intention to imitate the mark or some other factor

was necessary to render the commercial advantage "unfair". A similar approach was taken in *Argos Ltd v Argos Systems Inc* [2018] EWCA Civ 2211.

[169] In *Interflora*, the CJEU recognised the breadth of its definition of "unfair advantage" as set out in *L'Oréal*, might lead to competition being hindered. In *Interflora* it stated that even if the use amounted to taking unfair advantage it must be "use without due cause". At para [91] it stated that the use of a trade mark as a key word in order to advertise goods which were alternatives to the goods of the proprietor of the trade mark, which was done "without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution or tarnishment and without, adversely affecting the functions of the trade mark concerned" falls within the ambit of fair competition and is thus not "without due cause" for the purposes of section 10 (3).

[170] In *Interflora,* the court set out examples of advantage which are without due cause and therefore constitute unfair advantage. These include- offering imitations/replicas of the goods or services; causing dilution or tarnishment of the trade mark and adversely affecting the functions of the trade mark concerned. – see para [91]

[171] In *Comic Enterprises v Twentieth Century Fox Film Corp* [2016] EWCA Civ 41 the Court of Appeal considered the CJEU authorities and summarised them as follows at para [123]:

> "[123] More broadly, the court has explained that the concept of due cause involves a balancing between, on the one hand, the interests which the proprietor of a trade mark has in safeguarding its essential function and, on the other hand, the interests of other economic operators in having signs capable of denoting their products and services (see, in particular, *Leidseplein* at [41] to [46])."

[172] There is therefore an overlap between the concept of unfair advantage and use without due cause. Although the Court of Appeal's finding in *Whirlpool*, that mere advantage is not of itself unfair, is inconsistent with the CJEU definition of "unfair advantage"; following the guidance of the CJEU set out in *Interflora* on the interpretation of "use without due cause", the end result will be the same. In other words, the advantage will only be "unfair" if it is "use without due cause".

Has the defendant taken "unfair advantage"?

[173] In order to determine whether the use of a sign takes unfair advantage of the distinctive character or repute of the mark, accordingly to *L'Oréal* para [44], it is necessary to undertake, "a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark's reputation and the degree of distinctive character of the mark, the degree of similarity between

the marks at issue and the nature of degree of the proximity of the goods or services concerned."

[174] The Court of Justice has held that the stronger the mark's distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. In *Intel Corporation Inc. v CPM United Kingdom Ltd* (C-252/07)paras [67]-[69] the court held clear that the more immediately and strongly the earlier mark is brought to mind by the later mark, the greater the likelihood that the current or future use of the later mark is taking unfair advantage of, or is detrimental to, the distinctive character or the repute of the earlier mark.

[175] I have found that the CT1 mark has a very strong reputation. It has a reputation for quality and reliability and is recognised as a sealant which alone does the job. It holds a large market share and is the number one sealant in the hybrid product in the United Kingdom.

[176] I consider that the advertising materials which stated "OB1 is the original CT1 formula" were designed to link or associate, in the mind of the public, OB1 with the CT1 trade mark. By expressly referencing the CT1 trade mark it was bringing to mind and benefiting from the reputation that inured to the CT1 trade mark. The reputation associated with the CT1 trade mark that had been built up over 15 years of trading, comprised the associated aura that came to mind of reliability, longstanding presence, market leadership, customer care and support, and a unique trade source that guaranteed quality.

[177] I find the defendant was seeking to "ride on the coat tails of CT1" because its advertising materials sought to obtain for OB1 the benefits of CT1's power of attraction, its reputation and its prestige.

[178] I consider the defendant was riding on the coat tails to benefit from CT1's powers of attraction, reputation and prestige. It was exploiting, without paying any financial compensation and without making any efforts of its own to promote its new product to the market, the marketing effort expended by the plaintiff in creating and maintaining the image of CT1. I consider the advantage resulting from this use is an advantage which has been unfairly taken of the distinctive character or repute of CT1.

[179] Although it is not necessary to find that the defendant subjectively intended to exploit the reputation of CT1, if such an intention is present this would provide real assistance to the plaintiff's case. I find the defendant had such an intent. Mr Perry gave evidence that "Bostik needed to replace the substantial volumes that they were losing" due to losing sales to the plaintiff. C-TEC was one of their biggest hybrid accounts and he said there was a risk of loss of jobs in the manufacturing plant in Holland because of the loss of volume. Further, in cross-examination, he said that they wanted trade customers to stock the OB1 product as soon as they could "because we had to replace the volume that had been taken away from us…to keep our factory operational." Given the defendant's need to quickly replace the lost demand for the sealant product,

I am satisfied the defendant sought to gain market share by deliberately linking OB1 with the historical reputation that had been built up over many years that was associated with the CT1 trade mark.

[180] In all these circumstances, I consider the inescapable conclusion is that the defendant was using CT1 to ride on the coat tails of that mark. The defendant intended the sign to remind consumers of CT1 in order to convey the message OB1 had all the essential characteristics of the CT1 product. By so doing the defendant was seeking to benefit from CT1's power of attraction, its reputation and its prestige. It was seeking to exploit the historical reputation that was associated with CT1 to gain market share without paying any financial compensation and without making efforts of its own in that regard. I consider it was thereby wrongly "piggy backing" on CT1's successful reputation, to secure a greater market awareness and desirability by the public than the OB1 product could have commanded had it not referenced the CT1 trade mark. The reputation associated with the CT1 trade mark had been created solely by the plaintiff. The plaintiff's investment had increased the value of the trade mark. Accordingly, the only party entitled to benefit from that enhanced value was the plaintiff. By wrongly linking OB1 to the CT1 trade mark, I consider the defendant was parasitically accruing to itself all the investment the plaintiff had expended in creating and enhancing the reputation that resided in the plaintiff's CT1 trade mark. The advantage resulting from such use is an advantage which was unfairly taken of the distinctive character and repute of CT1 and therefore I find the defendant took "unfair advantage" of CT1.

[181] I am further satisfied that there was a likelihood of change in the economic behaviour of the defendant's customers by reasons of the defendant's promotional materials.

[182] I am therefore satisfied the requirements set out in para [49] of *L'Oréal* for taking unfair advantage are met.

Is the behaviour "unfair" and or "use without due cause"?

[183] The defendant submits that its actions are not unfair as it was simply making "true statements" and preventing it from doing so would give the plaintiff a veto over the defendant's advertising of its own formula.

[184] I reject this submission. I consider the defendant was not just seeking to advertise its formula. If this is what the defendant had sought to do, it could have stated OB1 had a tried and tested formula without linking it to CT1. The defendant can make statements about a formula it owns and can make statements about the formula of QMS100 and QMS003 and promote OB1 in advertisements on the basis that it uses the QMS100 and QMS003 formulae and can additionally say this formula is "tried and tested". What it cannot do, but has done, is parasitically trade off the years of investment the plaintiff has made in creating and maintaining the reputation

associated with the CT1 trade mark by linking in the mind of the consumer OB1 with CT1.

[185] In the defendant's closing at para 6.5 it rhetorically asks, "how can advising customers that it can now purchase the product which it previously purchased from the plaintiff from the second defendant be unfair?" I consider it is unfair, because the defendant is "openly confessing" that it was informing customers they can now purchase from the defendant a product they previously purchased from the plaintiff. The product they previously purchased from the plaintiff was CT1. They were loyal to this brand because of the reputation which had been built up in CT1, a brand created by the plaintiff's investment in the trade mark. In creating this link, in the mind of the consumer to CT1, I consider the defendant was "riding on the coat tails" to take advantage of CT1's reputation without paying for it, and in doing so, was seeking to affect the economic behaviour of its customers.

[186] I consider the defendant's actions were either "unfair" and or "without due cause" as their actions consisted of unfair competition. Firstly, the defendant sought to profit from the plaintiff's investment in developing and promoting the CT1 product, rather than competing purely on quality and/or on price or on its own promotional efforts. (See para [114] *Thatcher's Cider Company Ltd v Aldi Stores Ltd* [2025] EWCA Civ 5) This is a breach of the investment function of the trade mark and is one of the examples the CJEU has stated amounts to "unfair competition".

[187] Secondly, I have found that the defendant presented OB1 as a replica of CT1. Such use amounts to "unfair" advantage and is "without due cause" as it is in breach of the 2008 Regulations and is otherwise not in accordance with "honest practices" and is therefore "unfair" competition.

[188] The plaintiff also argued there was an "insidious transfer of image" in this case. I do not consider this is a case which involves an image and, therefore, I do not consider these arguments are applicable.

[189] The defendant also argued that its actions were with due cause, because they had goodwill in the formulation. I am satisfied there is no evidence that they held any goodwill in the formulation of QMS100 and QMS003. Further, I am satisfied that they did not historically trade by reference to these codes.

[190] Accordingly, I am satisfied there was a breach of section 10(3).

(d) Question 4 - Has the defendant a defence to breach of section 10(3) of the Trade Marks Act 1994 based on compliance with the requirements of the 2008 regulations?

[191] Any defence under the 2008 Regulations is valid only if it complies with all the conditions set out in the 2008 Regulations.

[192] Regulation 4(h) provides that comparative advertisement shall "not take unfair advantage of the reputation of a trade mark."

[193] In *L'Oréal* at [77], the court found that "unfair advantage" in the equivalent provision to regulation 4(h) is to be given the same meaning as section 10(3) of the 1994 Act. I therefore consider that any use of a sign in comparative advertisement which infringes section 10(3) is deprived of any possibility of a defence under the 2008 Regulations.

[194] Accordingly, I am satisfied that given my finding that the defendant took unfair advantage, no defence can be made out under the 2008 Regulations.

[195] Accordingly, I find there is no defence to the infringement of section 10(3).

Overall conclusion

[196] I conclude the defendant's advertising materials breached section 10(1) and section 10(3) of the Trade Marks Act 1994. The defendant has not made out a defence under the 2008 Regulations because it presented its product as a replica of the plaintiff's product and because it took unfair advantage of the reputation of the plaintiff's trade mark.

[197] Given the plaintiff's concession that the passing off claim added nothing to the trade mark infringement claim I consider it is unnecessary to determine the interesting arguments raised in respect of the passing off claim.

[198] I therefore find for the plaintiff and will hear the parties in respect of costs.