



Neutral Citation Number: [2018] EWHC 1608 (Ch)

Case No: HC-2016-002488

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS**  
**INTELLECTUAL PROPERTY LIST (CHANCERY DIVISION)**

Rolls Building  
Fetter Lane, London, EC4A 1NL

Date: 28 June 2018

Before :

**MR JUSTICE ARNOLD**

Between :

(1) WALTON INTERNATIONAL LIMITED Claimants  
(2) GIORDANO (HONG KONG) UK LIMITED  
- and -  
VERWEIJ FASHION BV Defendant

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Simon Malynicz QC and Andrew Lomas (instructed by Lewis Silkin LLP) for the Claimants  
Charlotte May QC and Jaani Riordan (instructed by Bristows LLP) for the Defendant

Hearing dates: 11-15 June 2018  
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**Approved Judgment**

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

MR JUSTICE ARNOLD

**MR JUSTICE ARNOLD :**

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### Introduction

1. This case concerns a conflict over the use of the trade mark GIORDANO for clothing. Although GIORDANO is an Italian family name, neither side is Italian. The Claimants' business is based in Hong Kong, and their core markets are in Asia, Australasia and the Middle East. The Defendant's business is based in the Netherlands, and its markets are in Europe. Both businesses are well-established and have used the GIORDANO trade mark since the 1980s. The Claimants own a considerable number of UK and EU registered trade marks consisting of or comprising the word GIORDANO, including those listed in paragraphs 2 and 3 below ("the Trade Marks"). The Claimants allege that the Defendant has infringed the Trade Marks. (A claim for passing off was abandoned at the beginning of the trial.) The Defendant denies infringement and counterclaims for revocation and/or a declaration of invalidity of the Trade Marks and for passing off. In a nutshell, the Defendant's position is that the Claimants have not made genuine use of the Trade Marks and thus it is the Defendant which is the senior user of the trade mark GIORDANO in Europe. This case is one of around 60 trade mark disputes that have been or are being fought by the parties all round Europe (some of which I will refer to below). The situation cries out for a commercial settlement, but in the absence of a settlement the courts and tribunals must decide each case. This one raises a considerable number of issues, although the number was reduced during the course of the trial.



### The Trade Marks

2. The First Claimant ("Walton"), a company incorporated in the Cayman Islands, is the registered proprietor of the following UK Trade Marks:
  - i) UK Trade Mark No. 2,000,864 consisting of the word GIORDANO for "articles of clothing, footwear and headgear" in Class 25 registered on 8 December 1995 with a filing date of 31 October 1994 ("UK864").
  - ii) UK Trade Mark No. 2,010,444 consisting of the word GIORDANO for goods in Classes 14 and 18 including "wallets" and "belts made of leather and imitation leather" registered on 22 December 1995 with a filing date of 8 February 1995 ("UK444").
  - iii) UK Trade Mark No. 2,140,398 consisting of the device  for "clothing, footwear and headgear" in Class 25 registered on 23 January 1998 with a filing date of 24 July 1997 ("UK398").

Giordano

- iv) UK Trade Mark No. 2,141,757 consisting of the device  for goods including “bags, handbags, leather cases, travelling bags, shoulder belts; briefcases, file cases, attaché cases, purses, key bags ...; umbrellas, parasols ...” in Class 18 registered on 4 September 1998 with a filing date of 12 August 1997 (“UK757”).
- v) UK Trade Mark No. 3,007,297 consisting of the stylised word **GIORDANO** for goods and services in Classes 18, 25 and 35 including “clothing, footwear and headgear” and “retailing ... services relating to ... clothing, footwear, headgear” registered on 12 December 2014 with a filing date of 4 September 2014 (“UK297”).

3. Walton is the registered proprietor of the following EU Trade Marks:

- i) EU Trade Mark No. 966,150 consisting of the device  for goods in Class 9 including “eyewear” registered on 16 April 2007 with a filing date of 14 October 1998 (“EU150”).
- ii) EU Trade Mark No. 4,099,651 consisting of the word GIORDANO for services in Class 35 including “retailing ... services in respect of ... clothing, footwear, headgear” registered on 8 February 2006 with a filing date of 14 September 2000 (“EU651”).
- iii) EU Trade Mark No. 1,856,335 consisting of the word GIORDANO for goods in Class 18 registered on 10 July 2010 with a filing date of 14 September 2000 (“EU335”).
- iv) EU Trade Mark No. 2,239,044 consisting of the device  for goods in Class 14 registered on 8 August 2002 with a filing date of 31 May 2001 (“EU044”).

The sign complained of

4. The Claimants complain of the use of the word GIORDANO by the Defendant. The Defendant has used this sign both in plain type and in the form of various logos over the years, but neither side suggests that the different forms of use make any difference to the issues.

The Claimants’ notice of partial discontinuance and the Defendant’s application to set it aside

5. On 12 October 2015 and 9 February 2016 respectively Abanicos Ltd, a company owned by Arnold Verweij, the founder of the Defendant, applied to the European Intellectual Property Office (“EUIPO”) to revoke EU335 and EU651 on the ground of non-use. The Claimants commenced these proceedings on 25 August 2016 alleging infringement of all the Trade Marks. On 21 October 2016 the Defendant served a Defence and Counterclaim seeking revocation and/or declarations of invalidity of all the Trade Marks. Following discussions between the parties, on 11 May 2017 the parties sent a joint letter to the Court (“the Joint Letter”) contending that there were “special grounds”

for continuing with the claim and counterclaim pursuant to what is now Article 132(1) of European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 on the European Union trade mark (codification) (“the Regulation”) for the following reasons:

- “1. First, assuming that the validity of these marks remains before the High Court, the parties have agreed to request a suspension of the proceedings before EU IPO. This avoids the prospect of parallel proceedings.
2. Second, this action before the High Court includes grounds of invalidity in relation to EU TMs 1 856 335 and 4 099 651 additional to those before the EU IPO. In addition to revocation for non-use (which is before the EU IPO), the Defendant has also put validity in issue in the High Court proceedings on the basis of earlier rights owned by the Defendant and an allegation of bad faith. Accordingly, the proceedings before the EU IPO would not, even if determined, resolve the dispute between the parties in relation to the validity of these marks.
3. Third, for similar reasons, the proceedings before the EU IPO will not resolve the overall dispute between the parties: conversely; the present English proceedings will consider both the validity of the Claimants’ rights and the lawfulness of the Defendant’s trade in the UK. It will therefore be necessary for the High Court proceedings to continue regardless of the outcome of the proceedings before the EU IPO.
4. Fourth, the current proceedings before the High Court raise substantially the same issues of genuine use in relation to other UK and EU marks of the First Claimant. The disclosure and evidence in relation to these marks will also apply equally to the EU TMs 1 856 355 and 4 099 651. It would therefore be far more efficient, and in accordance with the overriding objective, to determine all of those issues together.
5. Fifth, given the nature of the matters in dispute (in particular, concerning historical use of the EU TMs and bad faith) it is necessary and appropriate that disclosure be given in order for the factual issues in dispute to be fairly determined. Similarly, it will be necessary to test both parties’ evidence in cross-examination. Conversely, there is no procedure for disclosure or oral evidence before the EU IPO.
6. Finally, based on the Court Diary, the High Court proceedings are likely to come on for trial between February and May 2018. Early and comprehensive resolution of the dispute in the UK (including with respect to the EU TMs) is much more likely to provide the commercial certainty needed for the parties (and indeed third parties) as regards the validity of the EU TMs 1 856 335 and 4 099 651, rather than waiting until the proceedings before the EU IPO have run their course.”

6. On 11 May 2017 Master Clark made an order for directions by consent which included a direction that the trial of the proceedings take place in a window from 1 February 2018 to 31 May 2018 (although subsequently the trial was fixed for 11 June 2018). The order included the following recitals:

“UPON noting that the validity of EU trade mark numbers 4,099,651 and 1.856,335 is already in issue before the EU Intellectual Property Office in cancellation actions 11916C and 012500C but considering that there are special guards for continuing this action with respect to those EU trade marks so that all issues between the parties may be heard and determined together

AND UPON the parties undertaking to procure a stay of the abovementioned cancellation proceedings pending the outcome of these proceedings”.

7. On 22 May 2017 the parties wrote to EUIPO jointly requesting a suspension of the revocation proceedings against EU651 and EU335. On 11 July 2017 EUIPO suspended those proceedings until a final decision had been taken in these proceedings.
8. On 6 June 2018 the Claimants served a notice of discontinuance of their claim in so far as it related to the EU Trade Marks. On 7 June 2018 the Defendant applied to set aside the notice of discontinuance. On the first day of trial, 11 June 2018, I heard argument on the Defendant’s application. At the conclusion of the argument, I announced that I would set aside the notice of discontinuance for reasons to be given later in writing. My reasons are set out below, considering the position as at 11 June 2018.
9. I will begin by noting two points. First, the Defendant was not concerned by the discontinuance of the Claimants’ allegations of infringement of the EU Trade Marks (which counsel for the Claimants made clear would not be pursued either way). The Defendant’s concerns arose out of what the Claimants asserted was the consequence of that discontinuance, namely that it deprives this Court of jurisdiction over the counterclaim so far as it related to the EU Trade Marks.
10. Secondly, it was not in dispute that the Claimants submitted to the *in personam* jurisdiction of this Court by bringing the claim against the Defendant, that that submission extended to the Defendant’s counterclaim and that the Court retained jurisdiction over the Claimants with respect to the counterclaim even if they discontinued the claim: see *Fakih Brothers v A P Moller (Copenhagen) Ltd* [1994] 1 Lloyds Rep 103 at 109 (Hobhouse J), *Glencore International AG v Exter Shipping Ltd* [2002] EWCA Civ 524, [2002] CLC 1090 at [45]-[49] and [53] (Rix LJ) and cf. *Limuzs v Latmar Holdings Corp* [2013] EWCA Civ 4, [2013] ILPr 19 at [30]-[34] (Toulson LJ). As will appear, the issue in the present case is one of subject-matter jurisdiction.
11. I will first consider the position applying domestic procedural law, and then turn to consider the Court’s subject-matter jurisdiction as an EU trade mark court under European law.

*Domestic procedural law: CPR Part 38*

12. CPR Part 38 provides, so far as relevant, as follows:

**“38.2**

- (1) A claimant may discontinue all or part of a claim at any time.
- (2) However –
  - (a) a claimant must obtain the permission of the court if he wishes to discontinue all or part of a claim in relation to which –  
...
    - (ii) any party has given an undertaking to the court;

**38.4**

- (1) Where the claimant discontinues under rule 38.2(1) the defendant may apply to have the notice of discontinuance set aside.

**38.7** A claimant who discontinues a claim needs the permission of the court to make another claim against the same defendant if –

- (a) he discontinued the claim after the defendant filed a defence; and
- (b) the other claim arises out of facts which are the same or substantially the same as those relating to the discontinued claim.”

13. The Court may set aside a notice of discontinuance if it is an abuse of the process of the court, but the court’s power to do so is not limited to such circumstances and it may be exercised whenever it is necessary to give effect to the overriding objective of dealing with the case justly and at proportionate cost: see *Sheltam Rail Co (Pty) Ltd v Mirambo Holdings Ltd* [2008] EWHC 829 (Comm), [2009] Bus LR 302 at [34]-35 (Aikens J) and *High Commissioner for Pakistan in the UK v National Westminster Bank plc* [2015] EWHC 55 (Ch) at [46] (Henderson J). As Aikens J observed in the former case, a useful question to ask is whether, if permission of the court had been required to serve a notice of discontinuance, that permission would have been granted unconditionally; and the court is also entitled to consider what the claimant is attempting to achieve by serving the notice.

14. In the present case, the Claimants’ professed objective was to simplify and streamline the issues for trial. The Claimants said that, during the course of preparing for trial, they came to the (admittedly rather late) realisation that the claims for infringement of the EU Trade Marks added little, if anything, to the claims for infringement of the UK Trade Marks and that the counterclaims would require the Court to consider a number of additional issues, adding time and expense to the trial. The Claimants did not shrink,

however, from asserting that it was an inevitable consequence of their decision to discontinue the infringement claims that the Court was deprived of jurisdiction to determine the Defendant's counterclaims relating to the EU Trade Marks regardless of the Defendant's desire to continue with those counterclaims.

15. Turning to consider whether the Court would permit the Claimants to discontinue unconditionally if permission were required, it seems to me to be clear that the answer is no. The notice of discontinuance was served on the eve of trial, after the close of statements of case, disclosure and exchange of witness statements. Indeed, it was served on the same day that skeleton arguments were due to be (and were) exchanged. Thus most of the costs had been incurred, and the parties were about to commence battle. In those circumstances, I consider that the conditions that the Court would impose on the Claimants would be that they undertake to the Court (i) not to bring any further claims for infringement of any of the EU Trade Marks against the Defendant in any other Member State without the permission of this Court (cf. rule 38.7) and (ii) not to rely upon any of the EU Trade Marks to oppose any trade mark application by (or seek cancellation of any trade mark registration of) the Defendant in the EUIPO or any Member State if that would not be possible were the Defendant's counterclaim to succeed in full against the EU Trade Marks.
16. Counsel for the Claimants informed me that he was not instructed to offer undertaking (i), let alone undertaking (ii). Counsel for the Claimants nevertheless submitted that the Defendant would not be prejudiced because the Defendant could resume the revocation proceedings against EU651 and EU335 in the EUIPO and could bring further proceedings for cancellation against EU651 and EU335 and for revocation and cancellation against EU150 and EU044. Moreover, in relation to EU150 and EU044, he offered an undertaking by the Claimants not to rely upon any evidence of use in response to proceedings for revocation of those Trade Marks in the EUIPO which post-dated the dates which are relevant for the assessment of the counterclaim for revocation in these proceedings (so as to avoid the admitted prejudice to the Defendant arising out of a later period for the assessment of non-use if the Defendant had to start fresh revocation proceedings in the EUIPO). Finally, he pointed out that the Claimants accepted that they would have to pay all the costs of these proceedings in relation to the EU Trade Marks.
17. I do not accept that submission. The Claimants' position would require the Defendant, having got virtually to the door of this Court with its counterclaim, essentially to start all over again in the EUIPO. That would at a minimum entail a considerable delay in the resolution of the Defendant's attacks on the EU Trade Marks. Moreover, the Defendant would be exposed to the risk that the Claimants, having seen all the Defendant's criticisms of the evidence filed by the Claimants in these proceedings, would take the opportunity to file better evidence in the EUIPO. Even if the evidence was in fact no better, there would no doubt be arguments as to whether it was or not.
18. In those circumstances, I consider that the service of the notice of discontinuance amounted to an abuse of process, because its effect, if allowed to stand and if it had the consequence contended for by the Claimants, would be to shield the EU Trade Marks from a determination of their validity by this Court and to allow the Claimants to invoke the EU Trade Marks in further infringement and/or opposition (or cancellation) proceedings in other Member States pending determinations by the EUIPO. Thus it



would enable the Claimants to obtain a collateral advantage from the discontinuance of their infringement claim.

19. Even if it did not amount to an abuse of process, I consider that the Court should exercise its discretion to set the notice of discontinuance aside because that would enable the Court to determine all of the issues raised in these proceedings justly and at proportionate cost. Moreover, that accords with the parties' agreement, as set out in the Joint Letter, that that represented the best way in which to deal with the issues. Nothing had changed since then to justify the Claimants unilaterally withdrawing from that agreement.
20. I would add that, in relation to EU651 and EU335, I consider that the Defendant's position is even stronger. This is because in my view the Claimants required the Court's permission to discontinue the claim in relation to those Trade Marks pursuant to rule 38.2(2)(a)(ii) due to the undertaking recorded in the order of Master Clark. Counsel for the Claimants' only answer to this point was to submit that the undertaking was predicated upon there being infringement claims extant, and that it no longer applied if they ceased to be extant. But that submission presupposes that the Claimants were unilaterally entitled to discontinue those claims, and thus assumes what it seeks to prove. Given that the Court's permission was required, and in the absence of the undertakings from the Claimants which I consider are required to protect the Defendant, I would refuse the Claimants permission to discontinue in relation to EU651 and EU335.

*Subject-matter jurisdiction under European law*

21. The relevant provisions of the Regulation are as follows:

*"Article 122*

**Application of Union rules on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters**

1. Unless otherwise specified in this Regulation, the Union rules on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters shall apply to proceedings relating to EU trade marks and applications for EU trade marks, as well as to proceedings relating to simultaneous and successive actions on the basis of EU trade marks and national trade marks.
2. In the case of proceedings in respect of the actions and claims referred to in Article 124:  
...  
(b) Articles 25 and 26 of Regulation (EU) No 1215/2012 shall apply subject to the limitations in Article 125(4) of this Regulation;  
...

*Article 124*

**Jurisdiction over infringement and validity**

The EU trade mark courts shall have exclusive jurisdiction:

- (a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to EU trade marks;
- ...
- (d) for counterclaims for revocation or for a declaration of invalidity of the EU trade mark pursuant to Article 128.

*Article 125*

**International jurisdiction**

1. Subject to the provisions of this Regulation as well as to any provisions of Regulation (EU) No 1215/2012 applicable by virtue of Article 122, proceedings in respect of the actions and claims referred to in Article 124 shall be brought in the courts of the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.
2. If the defendant is neither domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.
3. If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where the Office has its seat.
4. Notwithstanding the provisions of paragraphs 1, 2 and 3:
  - (a) Article 25 of Regulation (EU) No 1215/2012 shall apply if the parties agree that a different EU trade mark court shall have jurisdiction;
  - (b) Article 26 of Regulation (EU) No 1215/2012 shall apply if the defendant enters an appearance before a different EU trade mark court.
5. Proceedings in respect of the actions and claims referred to in Article 124, with the exception of actions for a declaration of non-infringement of an EU trade mark, may also be brought in the courts of the Member State in which the act of infringement

has been committed or threatened, or in which an act referred to in Article 11(2) has been committed.

*Article 126*

**Extent of jurisdiction**

1. An EU trade mark court whose jurisdiction is based on Article 125(1) to (4) shall have jurisdiction in respect of:
  - (a) acts of infringement committed or threatened within the territory of any of the Member States;...
2. An EU trade mark court whose jurisdiction is based on Article 125(5) shall have jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which that court is situated.

*Article 127*

**Presumption of validity — Defence as to the merits**

1. The EU trade mark courts shall treat the EU trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity.
- ...
3. In the actions referred to in points (a) and (c) of Article 124, a plea relating to revocation of the EU trade mark submitted otherwise than by way of a counterclaim shall be admissible where the defendant claims that the EU trade mark could be revoked for lack of genuine use at the time the infringement action was brought.

*Article 128*

**Counterclaims**

1. A counterclaim for revocation or for a declaration of invalidity may only be based on the grounds for revocation or invalidity mentioned in this Regulation.
  2. An EU trade mark court shall reject a counterclaim for revocation or for a declaration of invalidity if a decision taken by the Office relating to the same subject matter and cause of action and involving the same parties has already become final.
- ...

4. The EU trade mark court with which a counterclaim for revocation or for a declaration of invalidity of the EU trade mark has been filed shall not proceed with the examination of the counterclaim, until either the interested party or the court has informed the Office of the date on which the counterclaim was filed. The Office shall record that information in the Register. If an application for revocation or for a declaration of invalidity of the EU trade mark had already been filed before the Office before the counterclaim was filed, the court shall be informed thereof by the Office and stay the proceedings in accordance with Article 132(1) until the decision on the application is final or the application is withdrawn.

...”

22. In *Adobe Systems Inc v Netcom Distributors* [2012] EWHC 1087 (Ch), [2012] ETMR 38 Mann J held that, on a proper interpretation of what were then Articles 96 and 100 of Council Regulation 207/2009/EC of 26 February 2009 on the Community trade mark (codified version) (now Articles 125 and 128 of the Regulation), this Court did not have (subject-matter) jurisdiction to entertain a counterclaim for revocation of what were then Community trade marks where the counterclaim would not provide a defence to the infringement claim even if it was wholly successful.
23. Although counsel for the Defendant reserved the right to argue that *Adobe v Netcom* was wrongly decided in a higher court, she did not submit that I should not follow it.
24. Accordingly, the question which arises is whether this Court is precluded from giving effect to the conclusion which I have reached applying domestic procedural law because it would be incompatible with European law since it would involve the Court determining a counterclaim relating to European trade marks which was no longer one which had defensive effect.
25. Counsel for the Defendant submitted that the Court was not so precluded for three separate reasons. First, she submitted that what mattered was whether the Court had jurisdiction at the date the counterclaim was served. If it did, then the Court could not lose jurisdiction subsequently. I do not accept this submission. In *Case C-4/03 Gesellschaft für Antriebstechnik mbH & Co KG v Lamellen und Kupplungsbau Beteiligungs KG* [2006] ECR I-6509 the Court of Justice of the European Union held at [25] that the exclusive jurisdiction provided for by what is now Article 24(3) of European Parliament and Council Regulation 1215/2012/EU of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (“the Brussels I Regulation”) applied “whatever the form of proceedings in which the issue of a patent’s validity is raised, be it by way of an action or a plea in objection, at the time the case is brought *or at a later stage in the proceedings* [emphasis added]”. Furthermore, Article 27 requires a court of a Member State which is seized of a claim which is “principally concerned with” a matter over which the courts of another Member State have exclusive jurisdiction by virtue of Article 24(4) to decline jurisdiction. It follows that the subject-matter jurisdiction of a court in European law can be changed by procedural steps which occur after the service of the relevant originating process: see e.g. *Anan Kasei Co Ltd v Molycorp Chemicals & Oxides (Europe) Ltd* [2016] EWHC 1722 (Pat), [2016] Bus LR 945.

26. Secondly, counsel for the Defendant submitted that, if the notice of discontinuance was set aside, then the parties would simply be returned to the position they were in the day before the notice was served. As she pointed out, there is no dispute that, as at 5 June 2018, this Court had jurisdiction to determine both the claim and the counterclaim relating to the EU Trade Marks. Absent a discontinuance by the Claimants of the claim, that would continue to be the case. I accept this submission. In effect, what I have concluded applying domestic procedural law is that it was simply too late, having got this close to trial, for the Claimants to be permitted unilaterally to discontinue their claim, and thus the Court remained seized of both the claim and the counterclaim. It makes no difference that the Claimants made it clear that they did not intend to pursue their arguments in support of the claim in any event.
27. Counsel for the Claimants submitted that this raised an issue of interpretation of the Regulation which should be referred to the CJEU for a preliminary ruling. Counsel for the Defendant resisted a reference. In my judgment it is not appropriate to refer the matter to the CJEU at this stage of the proceedings.
28. Finally, counsel for the Defendant submitted that the Joint Letter represented an agreement on jurisdiction falling within Article 25 of the Brussels I Regulation to which the Court was required to give effect pursuant to Articles 122(2)(b) and 125(4)(a) of the Regulation. I am doubtful whether this is correct. Article 125(4)(a) of the Regulation provides that Article 25 of the Brussels I Regulation shall apply if the parties agree that a different EU trade mark court shall have jurisdiction to that which would otherwise have jurisdiction under Article 125(1) to (3). At present, it seems to me that this refers to the jurisdiction of the EU trade marks court over infringement claims: see Article 126(1). If Mann J's reasoning in *Adobe v Netcom* is correct, then an EU trade mark court's jurisdiction to entertain a counterclaim is parasitic upon its jurisdiction to determine the claim. Thus an agreement on jurisdiction as to an infringement claim within Article 125(4)(a) could extend to jurisdiction over a defensive counterclaim; but it does not follow that Article 125(4)(a) enables jurisdiction to be conferred over a counterclaim independently of jurisdiction over the claim. Turning to the Joint Letter, my provisional view is that this did not amount to an agreement within Article 125(4)(a), because it was not an agreement for a different national EU trade mark court to have jurisdiction to that which would have had jurisdiction under Article 125(1)-(3). (As I understand it, the jurisdictional basis for the Claimants' claim for infringement of the EU Trade Marks against the Defendant is Article 125(5).) In the light of the conclusions reached above, however, it is not necessary for me to reach a conclusion on these points.

#### The witnesses

##### *The Claimants' witnesses*

29. Lau Kwok Kuen, also known as Peter Lau, has been the Chief Executive and Chairman of Giordano International Ltd, the parent company of the Giordano Group, which includes the Claimants, since 1994. Mr Lau has worked for the Giordano Group since 1987. He gave evidence primarily about the history of the Giordano Group and its historical use of the Trade Marks in the UK and the remainder of the EU. No criticism was made of his evidence.

30. Mark Loynd is the General Counsel and Company Secretary of the Giordano Group. He has been employed by the Giordano Group since September 2013. He became Head of International Brand Collaborations in 2015. (Prior to this, international operations and expansion were primarily dealt with by Dominic Irwin, Giordano Group's former Chief Financial Officer, and Ishwar Chugani, the Managing Director of Giordano Group's Middle East subsidiary and a director of Giordano International Ltd since 1 February 2013.) He has been a director of Walton since 15 March 2016, a director of the Second Claimant ("Giordano UK") since 27 October 2015 and a director of Giordano International Ltd since 9 March 2017. He gave evidence primarily about the Giordano Group's recent use of the Trade Marks in the UK and the remainder of the EU. Counsel for the Defendant submitted that Mr Loynd's written evidence had to be treated with care, because it was expressed in broad and vague terms which gave an impression of use on a greater scale than was really justified by the facts. I agree with this. Counsel for the Defendant also criticised Mr Loynd's oral evidence as being affected by selective recollection. I agree that Mr Loynd professed to have difficulty in remembering some points which one would have expected him to have a better recollection of, but this may be explicable as being due to jet-lag. In any event the points were not of particular significance.
31. Huang Chaoxiong is a senior programmer at Shenzhen Tiger Enterprises Ltd ("Shenzhen") a company within the Giordano Group. He has been employed by Shenzhen since 2002. He gave evidence about the operation of the Giordano Group's global e-shop website. Counsel for the Defendant submitted that Mr Huang's evidence had to be treated with considerable caution for two reasons.
32. The first reason is that Mr Huang's first witness statement described the geotargeting feature of the global e-shop as having been present in the period 2010 to 2016. In fact, this feature was only introduced in the 2016 version of the global e-shop which was operational from about 22 February 2016. Not only that, but it subsequently emerged that Mr Huang based his evidence in his first statement on the source code for the 2016 version of the global e-shop, and not the 2010 version. The source code for the 2010 version was only (partially) disclosed (following a specific disclosure application by the Defendant at the pre-trial review) on 4 June 2018, and it was only on 6 June 2018 that a third witness statement from Mr Huang was served correcting his first statement. This put the Defendant in considerable difficulties in dealing with this evidence (compounded by the Claimants' notice of discontinuance and the consequent need to make the Defendant's application to set it aside). Thus it was too late, for example, for the Defendant to attempt to adduce expert evidence about the source code. Yet further, Mr Huang was unable to explain why key files from the 2010 version of the source code showed last modification dates in August and September 2015.
33. The second reason is that Mr Huang gave evidence through an interpreter. It is not the fault of the witness, but there was difficulty in taking Mr Huang's evidence due to the inadequacy of the interpreter, who did not seem familiar with all the terminology she was required to interpret. This is despite the fact that (according to the Claimants' representatives) she has a degree in Information System Design and thus would reasonably have been expected to be competent in the relevant technical vocabulary. The result is that aspects of Mr Huang's oral evidence were somewhat unclear.

34. Counsel for the Defendant submitted that, in those circumstances, the Court should only rely upon Mr Huang's evidence where it was supported by contemporaneous documents the date of which the court could be confident of. I accept this submission.
35. Li Jiaxin is an operations specialist who has been employed by Shenzhen since 9 June 2014. She gave evidence about the operation of the Giordano Group's AliExpress store. She gave evidence partly through the same interpreter, but there was less difficulty with her evidence since it was less technical as well as being given partly in English. Counsel for the Defendant submitted that Ms Li's recollection was not as good as her witness statement suggested. I agree with this. Counsel for the Defendant also submitted that Ms Li had a tendency to argue the Claimants' case. I agree that Ms Li did slip into argument occasionally, but I do not regard that as detracting from the remainder of her evidence.
36. *Consumer witnesses.* The Claimants adduced evidence from seven UK consumers who had purchased GIORDANO clothing from (in six cases) the Giordano Group's global e-shop and (in one case) the Giordano Group's AliExpress store: Robert Batchelor, Timothy Crawshaw, Michael Donnelly, Linda Nicoll, Simon Nudds, Rocio Reyes-Pava and Robert Schuck. The Claimants served hearsay notices in respect of Mr Crawshaw and Mr Donnelly's statements, Mr Donnelly because he was abroad at the time of the trial and Mr Crawshaw because his employer was unwilling to release him to attend. The Defendant did not require Mr Batchelor, Ms Nicoll or Mr Schuck to attend for cross-examination. Mr Nudds and Ms Reyes-Pava were cross-examined. No criticism was made of their evidence or the manner in which it had been obtained.

*The Defendant's witnesses*

37. Arnold Verweij is the founder of the Defendant, which he set up in 1955 and ran until 1997, when he handed over operational control to his sons Karel and Robert. He gave evidence about the history of the Defendant's GIORDANO brand.
38. Karel Verweij is one of Arnold's sons. He started working for the Defendant in 1989. He gave evidence about the history of the Defendant's GIORDANO brand and its use in the UK.
39. Stefan Donga is the Export Manager of the Defendant and is responsible for its sales in the UK and across Europe other than the Netherlands. He is also the Management Assistant to Arnold, Karel and Robert Verweij, which means that he is also involved in management aspects of the business. He started working for the Defendant in 2003 on a part-time basis, and has been full-time since 2007. He gave evidence about the Defendant's use of GIORDANO across the UK and the remainder of the EU.
40. Kurt Stöpetie is a partner at the Dutch law firm Brinkhof Advocaten NV, who has been assisting the Defendant with this matter since 2014. He gave evidence about the Defendant's trade mark portfolio and the status of parallel disputes with the Giordano Group in other EU jurisdictions.
41. Anthony Wade was a selling agent for the Defendant in the South of England and Wales from 2008 to 2015. He gave evidence about the nature and extent of sales and the reputation of the Defendant's GIORDANO clothing in the industry in the UK. His

witness statement was the subject of a hearsay notice as he was unable to attend the trial for health reasons.

42. Paul Walsh is a partner in Bristows LLP, the Defendant's solicitors. He exhibited a number of documents concerning the Giordano Group's global e-shop and the Google Analytics data for that website. As Mr Walsh of course accepted, he was not qualified to give, and did not purport to give, expert evidence on these matters. Thus the function of his evidence was simply to verify the documents and explain their sources. Despite this, counsel for the Claimants spent some time cross-examining Mr Walsh as to the inferences to be drawn from the documents. This was not a productive exercise. Nevertheless, one of the points counsel put to Mr Walsh requires further comment.
43. Reliance was placed by the Claimants upon Google Analytics data for the global e-shop. Google Analytics is a service provided by Google which tracks and reports the number of visitors to websites, the locations of such visitors, how many times they visit, how many pages they view and how long they spend on the site. The Giordano Group subscribed to Google Analytics to monitor visitors to the global e-shop. Mr Huang exhibited some Google Analytics data to his first witness statement and calculated some figures from the data (which he later corrected in his second statement). The Defendant applied for specific disclosure of further Google Analytics data at the pre-trial review. Instead of disclosure, an order was made for the Defendant's legal representatives to be provided with restricted access to the Giordano Group's Google Analytics account. They interrogated the account and retrieved additional data which Mr Walsh exhibited. Counsel for the Claimants pointed out that Mr Walsh had not himself participated in this exercise, and therefore was unable to speak to what had been done. I am unimpressed with this criticism, since (a) any questions could have been put to the Defendant's solicitors in correspondence and (b) the Claimants had access to all the data.
44. Counsel for the Claimants put it to Mr Walsh, and Mr Walsh accepted, that Mr Walsh was not an expert in interpreting Google Analytics data and that he had made no attempt to compare the data for the Giordano Group's global e-shop with relevant benchmarks. The same goes for Mr Huang, however. Thus I have been left in the position of trying to interpret the Google Analytics data as best I can assisted by such explanations as are available from the documentary evidence and the witnesses were able to give.
45. Marc Linsner is a trainee solicitor who gave evidence about the Giordano Group's pop-up shops in the UK. He was not cross-examined.
46. Sarah Watson is a former trainee solicitor who gave evidence about one of the Giordano Group's UK pop-up shops and its 1997 Whittard venture. Her evidence was the subject of a hearsay notice.
47. *Trade witnesses.* The Defendant adduced evidence from proprietors of five long-established, family-run, independent menswear retailers who have sold the Defendant's GIORDANO clothing for varying periods: Blake Bowden (Warwick Bowden & Sons Ltd, which owns Wakefields in Horsham, Weir Rhodes in Guildford and Warwicks in Windsor and has sold the Defendant's clothing since 2010); Richard Moore (J A Moore in Kenilworth, which has sold the Defendant's clothing since at least 2005); Neil Raven (Ravens of Southend, which sold the Defendant's clothing from 2010 to 2017); Matthew Rawlings (W D Coe Ltd, which owns Coes in Ipswich, Felixstowe, Lowestoft



and Maldon, Goddards in Kings Lynn and Golding of Newmarket and has sold the Defendant's clothing since 2001) and Ashley Smart (Robert Smart Menswear in York, which has sold the Defendant's clothing since 2009). Mr Raven and Mr Smart's statements were the subject of hearsay notices. The Claimants did not require any of the other three witnesses to attend for cross-examination.

### Factual background

#### *The Claimants*

48. Giordano Ltd was founded in Hong Kong by Jimmy Lai in 1981. He chose the name from a pizza restaurant in New York. He thought it would be advantageous to have an Italian name. Mr Lai ceased to have any management role in the company in 1994 and he sold his shareholding in 1996.
49. Giordano Ltd started by manufacturing and retailing GIORDANO branded casual clothing in Hong Kong. To begin with, it just sold men's clothing. In about 1986 or 1987 it branched out into unisex clothing, and in the early 1990s it introduced children's clothing. By the late 1980s, the company had stores in Hong Kong, Singapore and Taiwan. It focussed on selling a relatively small number of garment designs in a wide range of colours, which enabled it to be very efficient and to compete aggressively on price. It also offered a full refund policy with no questions asked. This approach was very successful. Thus the company's turnover almost tripled between 1989 and 1993 from HK\$711.5 million (about £52 million) to HK\$2,334 million (about £205 million).
50. By 1991, Giordano Ltd was a subsidiary of Giordano Holdings Ltd. This company was publicly listed on the Hong Kong stock exchange in 1991. After a restructuring in 1995, Giordano Holdings Ltd was voluntarily de-listed and Giordano International Ltd was simultaneously listed on the Hong Kong stock exchange. Giordano International Ltd thus became, and remains, the parent company of the Giordano Group.
51. On 1 May 1997 Giordano Ltd entered into a franchising agreement with Whittard of Chelsea plc ("Whittard") and Giordano (UK) Ltd, a franchisee controlled by Whittard. The agreement, which was to last for an initial period of five years, provided for Whittard to set up GIORDANO-branded stores in the UK and the Republic of Ireland and to sell clothing, watches and leather goods in those stores. The first store opened in mid-June 1997 in Peascod Street in Windsor ("the Whittard Shop"). Whittard was dissatisfied with the level of sales, however. According to Dr Lau, Whittard closed the Whittard Shop in September 1997. The last period for which there are surviving sales records, however, is the week ending 13 July 1997. So far as the records go, the Whittard Shop sold some 960 items of clothing. Giordano Ltd subsequently terminated the agreement on 23 July 1999.
52. The Giordano Group appears to have been somewhat scarred by this experience. Although the Claimants' evidence is that the Group has always remained interested in franchising its stores in the UK and elsewhere in the EU and has had approaches from, and in some cases discussions with, a number of potential partners over the years, to date nothing has come of these approaches and discussions. I shall return to this point below.

53. The Giordano Group established an online shop in the late 1990s. By 2005 it had separate websites servicing Hong Kong, China, Korea and Taiwan. By January 2010 it had an e-shop servicing Australia, China, Hong Kong, Indonesia, India, Japan, Kuwait, Malaysia, Oman, Qatar, Saudi Arabia, Singapore, Taiwan, Thailand and the United Arab Emirates. In December 2010 it launched its global e-shop. This is central to the non-use issue, and I shall discuss it in detail below. It is convenient to note here, however, that I take the date of December 2010 from paragraph 4 of Mr Huang's first statement, which is supported by a screenshot from the internet archive known as the WayBack Machine dated 25 December 2010.
54. On 27 January 2014 the Giordano Group began selling its goods via an online store on the AliExpress platform. This again is significant for the non-use issue, and I shall discuss it in detail below.
55. Since the employment of Mr Loynd, the Giordano Group has made various efforts to increase its presence in the UK and the EU. These efforts have included the opening of temporary "pop-up" stores in the UK and Spain in 2016. Again, I shall discuss these in more detail below.
56. Giordano UK was incorporated on 27 October 2015. It is licensed to use the Trade Marks in the UK. According to Mr Loynd, it was set up "to prepare for [the Giordano Group's] expansion into the market in Europe". Prior to that, the Giordano Group did not have a UK subsidiary. Giordano UK does not have any employees. According to its VAT returns, it made sales of £797 in April to June 2016.
57. In the 2017 annual accounts of Giordano International Ltd there is an analysis of GIORDANO sales by market. The markets are identified as, in summary, mainland China, Hong Kong, Taiwan, various other Asia-Pacific countries, the Middle East, and "Overseas franchisees" (South Korea, Southeast Asia and other markets). There is no suggestion that the Giordano Group has an established market for GIORDANO clothing in the UK or the EU.
58. The Giordano Group has a network of 2,414 GIORDANO retail stores across these markets. Some of these stores are directly-operated stores ("DOS"), whereas others are franchised. There is a breakdown of the location of these stores in the 2017 accounts as follows:

Location	Store Number at December 2017	Store Number at December 2016
Mainland China		
- DOS	324	357
- Franchised	605	562
The rest of Asia Pacific	602	581
Taiwan	200	203
The Middle East		
- DOS	148	150
- Franchised	41	41

Hong Kong and Macau	75	73
South Korea – franchised	193	200
Southeast Asia – franchised	212	217
Other Markets - franchised	14	13

59. Dr Lau's evidence was that, to date, the Giordano Group has not wanted to undertake the financial investment involved in establishing DOS outside of their core markets, such as in the UK and the remainder of the EU, although it remained interested in the possibility of franchise arrangements.
60. The Giordano Group's total sales in the year ending 31 December 2017 were over HK\$5.4 billion (over £520 million). There is no dispute that the GIORDANO brand is well known in its core markets, and in particular in Hong Kong, China and Taiwan. Moreover, Giordano Group has something of an international reputation. For example, it was presented with the Emerging Market Retailer of the Year Award in 2013 and the International Retailer of the Year Award in 2015 by *Retail and Leisure International*, an international retail industry publication.

*The Claimants' trade mark registrations*

61. Giordano Ltd obtained its first trade mark registration for GIORDANO in Class 25 in Jordan on 17 April 1982. Giordano Ltd applied to register a stylised form of GIORDANO in Class 25 in Hong Kong on 6 November 1986, and this proceeded to registration on 20 May 1988. Subsequently the registration was assigned to Walton. Since then, Walton has built up a sizable portfolio of registrations of marks consisting of or comprising GIORDANO, including the Trade Marks, in many countries of the world. The Giordano Group has also acquired some registrations made by third parties (although none of these are relied on in these proceedings).

*The Defendant*

62. The Defendant is a family-run business based in the Netherlands. The business was founded by Arnold Verweij in 1955. The Defendant was incorporated in 1986, took over the business in 1987 and changed its name to its present name in 1997. It is now run by Karel and Robert Verweij.
63. The business had modest beginnings in the form of a single retail shop in Rotterdam selling quality clothing imported from Italy. It developed a wholesale arm to the business, which first traded from the back of the shop but has since grown over time. In 1976, it acquired a textile factory in Ireland to produce its own knitwear to wholesale to retailers across Western Europe. The knitwear range has always been sold under the brand name BAILEYS (named after the pub in Dublin where Arnold Verweij signed the contract to purchase the factory). BAILEYS is now focused on knitwear and outerwear.
64. By the late 1980s, Arnold Verweij wanted to expand the business offering by way of a new brand name and clothing range. He came up with the name GIORDANO whilst on a trip to Italy in 1989. He saw the name on some wine (it continues to be a brand of Italian wine to this day), and he liked the fact that it sounded Italian as Italian clothing

was perceived to be particularly luxurious and fashionable. It was first used for knitwear, but the new range was swiftly expanded to include shirts and then other items. Tailored shirts are now the Defendant's core product (they retail at around £80–£90), but the Defendant also sells GIORDANO blazers, jackets, trousers, shorts, beachwear, scarves, pyjamas and shoes. These are all designed in-house by the Defendant.

65. The Defendant started selling GIORDANO clothing in the Netherlands in 1989, and it was not long before it was also selling in Ireland. The Defendant expanded to other European countries organically, as part of the natural evolution of its business and as it encountered opportunities, for example by being introduced to national sales agents or by word of mouth at trade shows. The Defendant made sales in Belgium and Luxembourg from 1996, Spain from 1997, Germany from (at the latest) 2001, and has since entered Austria, Italy, Switzerland, and Denmark, and has made sales in Lithuania, Hungary, France, Poland, Romania, Malta and Greece.
66. The Defendant sold its first order to a UK customer in 2000. This was after it had been approached by David Coe and colleagues from Coes. Mr Coe and his colleagues wanted to sell the Defendant's GIORDANO branded clothing through his company's stores. Mr Coe and his colleagues visited the Defendant's showroom in Amsterdam in August 2000, placed an order on the spot and the goods were shipped to the UK in January 2001. There were further shipments during the course of that year. Around £5,816 worth of sales were made in that year (wholesale value).
67. By 2002, the Defendant was already selling GIORDANO to a number of other UK retailers. In that year sales grew to £32,007 (wholesale value). By 2010 sales had reached £409,046 (wholesale value). By 2015, about 150 different companies were stocking GIORDANO in the UK through their independent clothing stores and boutiques. In total, the Defendant has sold GIORDANO goods to 359 customers who have retailed those goods through 375 UK stores. It has a loyal customer base and a significant proportion of repeat business, with about 200 customers placing orders in 2017. GIORDANO had been recognised in a number of trade publications since 2010 as a leading menswear brand.
68. The Defendant achieves a significant proportion of its sales via sales agents such as Mr Wade who travel around the UK showing the Defendant's GIORDANO clothing to potential retail customers. The agents also host hotel shows and private presentations to retailers. It is common for European brands and wholesalers without stores of their own to use agents in this way to sell their goods to independent retailers in the UK. The Defendant's agents receive commission on the wholesale value of the goods they sell. When orders are placed through an agent, he will send it back to the Defendant's head office in Amsterdam. The Defendant then confirms and fulfils the order directly. Payment is made directly from the buyer to the Defendant.
69. In addition to using agents, the Defendant also generates business via a number of trade shows that it attends (together with its agents) in the UK and elsewhere in the EU, and in particular the following:
  - i) IMC Menswear Show. The IMC buying group is a consortium of independent menswear retailers with about 100 members trading from over 200 shops. It holds trade fairs in Northampton in February and August every year. Approximately 40 suppliers are invited to exhibit their clothing ranges at the

fair. The show is normally attended by over 70 buyers. The Defendant has exhibited annually since 2002. Around 80–90% of IMC members (including Mr Smart, Mr Raven and Mr Rawlings) sell or have sold the Defendant's GIORDANO clothing.

- ii) Moda. This is the UK's largest fashion trade exhibition and takes place at the NEC, Birmingham. It also takes place in February and August each year (to reflect the summer and winter buying seasons, respectively). There are normally about 1500 brands or suppliers exhibiting, with 12,000 odd visitors over the course of the three-day event. The Defendant has exhibited every year since February 2008.
  - iii) INDX Menswear. This show takes place twice per year at the Cranmore Park Exhibition Centre in Solihull and showcases over 100 brands including GIORDANO. The Defendant has exhibited every year since 2016 (and also in 2008-2010 when it was previously known as the AIS Menswear show).
  - iv) Panorama, Berlin. This is an important European trade show for major buyers and store groups. The Defendant has exhibited five times since 2014.
  - v) Modafabriek, Amsterdam. This is a major clothing show with over 20,000 visitors. The Defendant exhibited in 2012 and 2013, hosting "open house" events for buyers during the show since its headquarters are nearby.
70. The Defendant's evidence is that neither it nor any of its sales agents or the retailers giving evidence have encountered or heard of the Giordano Group or any other GIORDANO brand apart from the Defendant's at any of these shows.
71. Sales of the Defendant's GIORDANO branded clothing have increased annually (with jumps in 2002 and 2009 after it started to attend IMC and Moda respectively). By 2005, the volume of sales was sufficient to justify the Defendant opening a UK bank account so that its UK customers could pay in sterling (and not Euros). In 2016 the Defendant sold nearly 24,000 items in the UK with a wholesale value of £748,711 (corresponding to a retail value of around £2 million).
72. The Defendant has had a website at [www.verweij.com](http://www.verweij.com) since June 1997, on which it hosts a business-to-business platform accessible by its trade customers, from which they can buy the Defendant's products and download logos and promotional material. The Defendant also has a social media presence, including on Facebook, Instagram and YouTube.
73. The GIORDANO range has a number of sub-lines, which help orientate consumers towards the styling or fit of a particular range of clothing under the brand. Examples include GIORDANO Tailored (which relates to a more modern, tailored shirt fit), GIORDANO Outfitters (a regular shirt fit), GIORDANO Slim Fit (for a slim fit shirt) and GIORDANO Blue (for more casual clothing that can be worn with jeans).

*The Defendant's trade mark registrations*

74. The Defendant applied for its first trade mark registration for GIORDANO in the Benelux territory in Classes 18 and 25 on 11 August 1989, and this application was

successful. On 18 January 1991 the Defendant obtained an international registration for GIORDANO in Classes 18 and 25 designating Austria, France, Germany, Italy, Portugal, Spain (Class 18 only) and Switzerland based on the Benelux registration. (Further details of these registrations are set out in paragraph 108 below.) The Benelux registration (together with a number of other registrations and applications) was assigned to Abanicos, and exclusively licensed to the Defendant, pursuant to agreements dated 20 March 2007 and 13 December 2007.

*The parties' knowledge of, and contacts with, each other*

75. It appears that the Defendant first became aware of the GIORDANO business in Hong Kong, although not of the identity of Walton, in about late November 1990. At that time the Defendant had its GIORDANO branded clothing manufactured in Hong Kong. One of its Hong Kong manufacturers, Fook Loy Knitting Factory Ltd ("Fook Loy"), discovered that there was a Hong Kong registration owned by another party (i.e. Walton) and alerted the Defendant, although without identifying the owner. Arnold Verweij took the view that this should not be a problem given that the clothes were to be exported to the Netherlands, where the Defendant owned the trade mark. It is clear from correspondence disclosed by the Defendant that both Fook Loy and Fancy Garment Factory Ltd raised concerns with the Defendant about the risk of infringement in January to March 1991, but Arnold Verweij and Karel Verweij explained that the Defendant persuaded the manufacturers to take the risk and they continued to manufacture GIORDANO branded clothing for the Defendant for many years.
76. At around the same time, in about April or May 1991, Arnold Verweij and Karel Verweij visited Hong Kong and went to a shopping centre where they discovered a Giordano Group store. They went inside the store and saw the clothing being sold. It appears from Arnold Verweij's evidence that he also encountered Giordano Group stores when visiting Hong Kong, India and Taiwan in the early 1990s.
77. On 2 April 1993 Walton applied to register a stylised form of GIORDANO in Class 25 in France. The application was published on 14 May 1993. On 16 June 1993 the Defendant's trade mark attorney requested that the application be withdrawn, relying upon the Defendant's international registration covering France. On 18 October 1993 Walton withdrew the application. It appears that this was the first time the Giordano Group became aware of the Defendant's existence, but it is unclear what (if anything) more the Giordano Group learnt. Dr Lau's evidence was that he was not personally involved in this episode.
78. On 14 October 1998 Walton filed the application for EU150. The application was published on 23 July 2001. On 18 October 2001 the Defendant opposed the application, relying upon its Benelux registration. The Defendant was required to prove use of its trade mark, and filed evidence of use on 1 November 2002. This evidence included a print-out of some pages from the Defendant's website dated 30 October 2002 which included the statement that the Defendant's collections were available in 500 menswear shops throughout the Netherlands and were available in Belgium, Ireland, Spain, Germany and many other European countries. On 16 April 2003 Walton's trade mark attorneys filed observations which appended a list of registered trade marks owned by Walton running to over 12 pages, including UK864 and UK444. On 16 February 2005 the Opposition Division rejected the appeal on the ground that the Defendant had failed to prove genuine use of its trade mark during the relevant period. The Defendant

appealed, and on 16 June 2005 submitted additional evidence of use which included declarations by Karel and Robert Verweij. On 10 April 2006 the Second Board of Appeal dismissed the appeal, holding that the evidence filed by the Defendant before the Opposition Division did not establish genuine use of the trade mark during the relevant period and that the additional evidence filed on appeal was inadmissible. Subsequently EU150 proceeded to registration. (In these proceedings, by contrast, the Claimants have conceded that there was genuine use of both the Defendant's Benelux registration and its international registration in Austria and Italy during the relevant period.)

79. The Defendant contends that, even if it was not aware before, the Giordano Group became aware of the Defendant's use of GIORDANO in relation to menswear on a substantial scale in the Netherlands and elsewhere in the EU as a result of the evidence filed by the Defendant on 1 November 2002. It is clear from the contents of Walton's trade mark attorneys' observations dated 16 April 2003 that they had taken instructions from their client about the Defendant's evidence. Accordingly, I accept this contention.
80. The Claimants contend that the Defendant became aware of UK864 and UK444 as result of the observations filed by Walton on 16 April 2003. Both Arnold Verweij and Karel Verweij gave evidence that they did not become aware of Walton's UK registrations until much more recently, however. Arnold Verweij thought it was around 2014/2015, while Karel Verweij thought it was only as a result of the letter before action in these proceedings dated 24 March 2016. It does not matter which of these two dates is correct. Given the issue before OHIM (as it then was), it is conceivable that the Defendant's trade mark attorneys did not forward the list of registrations to the Defendant. Even if they did, it is plausible that Karel Verweij did not read it. Moreover, Karel Verweij gave evidence that the Defendant had not obtained a UK trade mark search. Accordingly, I accept the Defendant's evidence that it was not aware of UK864 or UK444 prior to about 2014/2015 at the earliest.
81. In December 2007 the Giordano Group was contacted by one of its clothing manufacturers in Hong Kong, Esquel Enterprises Ltd, as a result of an approach from the Defendant. Esquel wanted to know whether there would be a conflict if it worked with the Defendant. It is clear from an email from Angus Mai to William Yue and Queenie Fung of Giordano Group dated 20 December 2007 that they were aware that the Defendant was a Dutch company selling GIORDANO branded clothing and were aware of its website.
82. In June 2012 the Giordano Group was approached by a Dutch retail group which expressed interest in stocking the GIORDANO brand. Although these discussions did not lead anywhere, it is evident from an email from Mr Chugani to a colleague dated 6 August 2012 that Mr Chugani was aware that there was "a company operating stores and selling Giordano shirts" in the Netherlands.
83. On 14 January 2014 Mr Chugani sent the Defendant an email with the subject "Introduction to Giordano International" in the following terms:

"To the Directors/Export Manager – Verweij Group

I would like to introduce our company and brand – Giordano.

Giordano International, founded in Hong Kong in 1981, currently operates 2,800 stores in 40 countries around the world.

We understand that your company has also been distributing Giordano branded shirts, especially in the Benelux countries, and I would like to start a discussion on the possibility of us working together.”

At the foot of the email was a panel containing further information about the Giordano Group.

84. Karel Verweij replied on 24 January 2014 asking for more information about Giordano Group’s proposals for cooperation. Mr Chugani responded later the same day enclosing a link to Giordano Group’s brochure and saying:

“We are now looking to expand our operations beyond Asia and the Middle East.

As you have been operating in the Benelux for many years now, there could be opportunities for both sides.”

He finished by suggesting a meeting.

85. On 26 March 2014 Karel Verweij replied saying that the Defendant had started selling GIORDANO shirts in 1989 and that it was currently selling to approximately 1500 retailers in countries across Europe. He said that the Defendant was interested to talk to the Giordano Group about possibilities for the future, “also with a view to avoid any possible conflicts”, and agreed that a meeting would be a good idea. On 1 April 2014 Mr Chugani responded suggesting a meeting in Amsterdam on 2 May 2014. This led to a meeting between Mr Chugani and Arnold, Karel and Robert Verweij at the Defendant’s offices on 3 June 2014. On 4 June 2014 Mr Chugani sent the Verweij’s an email thanking them for their hospitality and expressing confidence that there could be many possible areas of cooperation between the parties.
86. About a month after Mr Chugani’s email dated 14 January 2014, on 18 February 2014 Walton applied to register stylised forms of GIORDANO JUNIOR and GIORDANO/LADIES in Classes 9, 18 and 25 and Classes 9, 25 and 35 respectively as EU trade marks numbers 12,611,075 (“EU075”) and 12,610,945. Walton did not inform the Defendant that it was doing this. The applications were published on 6 May 2014. On 31 July 2014 the Defendant and Abanicos filed oppositions on relative grounds relying upon their earlier Benelux and international registrations. (These oppositions were subsequently withdrawn on 27 November 2017, and so the applications proceeded to registration. Instead the Defendant and Abanicos filed cancellation actions on 23 January 2018 and 22 January 2018, but by then Walton had requested conversion of EU075 in Class 25 into national marks.)
87. Although discussions continued on a without prejudice basis intermittently for a year, no agreement was reached. On 27 May 2015 Karel and Robert Verweij sent Mr Chugani an email discussing various possible forms of cooperation, and suggesting that the most practical solution would be an agreement dividing the world into two areas of exclusivity. The email concluded by saying that, in order to safeguard the Defendant’s



position, it had had no alternative but to file the oppositions referred to above and that it would do the same against some other applications of the Giordano Group. On 5 August 2015 Mr Chugani replied reiterating that the Giordano Group was willing to discuss a mutually beneficial solution, but in the meantime would protect its rights and interests in GIORDANO. On 27 August 2015 Mr Stöpetie wrote to Mr Loynd proposing a meeting with a view to reaching an agreement, but said that in the meantime the Defendant would protect its rights and interests in GIORDANO. On 4 September 2015 there was a meeting between the Giordano Group and the Defendant in Paris. On 17 September 2015 Anthony Tong of Giordano Group's Hong Kong solicitors Robin Bridge and John Liu sent Mr Stöpetie an email informing him that, while the Giordano Group remained sincerely interested in finding a solution acceptable to both parties, until an agreement had been reached, Giordano Group considered that it was obliged to preserve its position by taking appropriate legal actions. On 22 September 2015 Mr Stöpetie replied saying that the Defendant understood this and that the Giordano Group would appreciate that the same went for the Defendant. To that end, he invited the Giordano Group voluntarily to surrender its European registrations, including the UK Trade Marks, failing which the Defendant would apply to cancel them. Mr Loynd accepted that, as a result, Walton was aware from that date that its trade marks were vulnerable to a revocation attack by the Defendant.

88. On 8 October 2015 the Defendant filed revocation applications in respect of each of the UK Trade Marks except UK297 at the UK Intellectual Property Office ("the IPO Applications"). On 14 October 2016 the Registrar of Trade Marks referred the IPO Applications to this Court, where they have been continued by the Defendant's counterclaim.

#### Key legislative provisions

89. At the dates when the applications for the EU Trade Marks were filed, the legislation which governed what were then called Community trade marks, and are now called EU trade marks, was Council Regulation 40/94/EC of 20 December 1993 on the Community trade mark. This was subsequently replaced by Council Regulation 207/2009/EC of 26 February 2009. It has in turn been amended by European Parliament and Council Regulation 2015/2424/EU of 16 December 2015 and then replaced by the Regulation. The Claimants' infringement allegations relate to periods covered by Regulation 207/2009, Regulation 207/2009 as amended by Regulation 2015/2424 and the Regulation. There is no material difference for the purposes of this case between the relevant provisions of these regulations, although the numbering of the articles has changed. It is therefore convenient to refer to the provisions of the Regulation.
90. The key provisions of the Regulation are as follows:

*"Article 8*

#### **Relative grounds for refusal**

1. Upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered:
  - (a) if it is identical with the earlier trade mark and the goods or services for which registration is applied for are

identical with the goods or services for which the earlier trade mark is protected;

- (b) if because of its identity with or similarity to the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected; the likelihood of confusion includes the likelihood of association with the earlier trade mark.

...

- 4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to the Union legislation or the law of the Member State governing that sign:

- (a) rights to that sign were acquired prior to the date of application for registration of the EU trade mark, or the date of the priority claimed for the application for registration of the EU trade mark;
- (b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.

....

#### *Article 9*

#### **Rights conferred by an EU trade mark**

- 1. The registration of an EU trade mark shall confer on the proprietor exclusive rights therein.
- 2. Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the EU trade mark, the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where:
  - (a) the sign is identical with the EU trade mark and is used in relation to goods or services which are identical with those for which the EU trade mark is registered;
  - (b) the sign is identical with, or similar to the EU trade mark and is used in relation goods or services which are identical with or similar to the goods or services for which the EU trade mark, if there exists a likelihood of confusion on the part of the public; the likelihood of

confusion includes the likelihood of association between the sign and the trade mark;

...

*Article 18*

**Use of an EU trade mark**

1. If, within a period of five years following registration, the proprietor has not put the EU trade mark to genuine use in the Union in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the EU trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.

The following shall also constitute use within the meaning of the first subparagraph:

- (a) use of the EU trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, regardless of whether or not the trade mark in the form as used is also registered in the name of the proprietor;

...

*Article 58*

**Grounds for revocation**

1. The rights of the proprietor of the EU trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings:
  - (a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Union in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; however, no person may claim that the proprietor's rights in an EU trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application or counterclaim, genuine use of the trade mark has been started or resumed; the commencement or resumption of use within a period of three months preceding the filing of the application or counterclaim which began at the earliest on expiry of the continuous period of five years of non-use shall, however, be disregarded where preparations for the commencement or resumption occur

only after the proprietor becomes aware that the application or counterclaim may be filed;

...

2. Where the grounds for revocation of rights exist in respect of only some of the goods or services for which the EU trade mark is registered, the rights of the proprietor shall be declared to be revoked in respect of those goods or services only.

*Article 59*

**Absolute grounds for invalidity**

1. An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings,

...

- (b) where the applicant was acting in bad faith when he filed the application for the trade mark.

...

3. Where the ground for invalidity exists in respect of only some of the goods or services for which the Community trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

*Article 60*

**Relative grounds for invalidity**

1. An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

- (a) where there is an earlier trade mark as referred to in Article 8(2) and the conditions set out in paragraph 1 or 5 of that Article are fulfilled;

...

- (c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled;

...

All the conditions referred to in the first subparagraph shall be fulfilled at the filing date or the priority date of the EU trade mark.

...”

91. Parallel provisions to those set out in paragraph 90 above are contained in Articles 4(2), 5(1),(4)(a), 10(1),(2)(a),(b), 16(1),(5)(a) and 19 of European Parliament and Council Directive 2015/2436/EU of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast) (“the Directive”) which replaced European Parliament and Council Directive 2008/95/EC of 22 October 2008 which in turn replaced Council Directive 89/104/EEC of 21 December 1988.
92. The provisions of the Directive listed in paragraph 91 above are implemented in the UK by sections 3(6), 10(1),(2), 46(1)(a) and 47(1) of the Trade Marks Act 1994.

#### Relevant dates for assessment

##### *The law*

93. The relevant date for assessing whether a trade mark is invalid is the date on which the application was filed (unless reliance is placed by the proprietor on subsequently acquired distinctive character where the ground of invalidity relied upon is lack of distinctive character): see Case C-192/03 *Alcon Inc v Office for Harmonisation in the Internal Market* [2004] ECR I-8993.
94. The relevant date for the assessment of whether a trade mark was applied for in bad faith is the date when the application was made: see Case C-529/07 *Chocoladefabriken Lindt & Sprungli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35]. It is not in dispute that, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and *Alcon* at [41].
95. The question whether the use of a sign infringes a trade mark pursuant to Article 10(2)(a),(b) of the Directive or Article 9(2)(a),(b) of the Regulation falls to be assessed as at the date that the use of the sign was commenced: see Case C-145/05 *Levi Strauss & Co v Casucci SpA* [2006] ECR I-3703. Where the use of the sign commenced more than six years (i.e. the limitation period) before the claim form, then the relevant date is six years before the date of the claim form: see *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch), [2013] ETMR 31 at [98].
96. The date for assessing a claim of passing off is the date the conduct complained of commenced: see *Starbucks (UK) Ltd v British Sky Broadcasting Group plc* [2015] UKSC 31, [2015] 1 WLR 2628 at [16].
97. The dates for assessing whether there has been genuine use of a trade mark depend on the basis of the claim for revocation (non-use for five years from registration and/or non-use for five years subsequently), whether use has been commenced or resumed after the expiry of that five year period and before the claim is made and, if so, whether such commencement or resumption of use was within the period of three months before

the claim and whether the proprietor was aware that a claim might be made: see Article 58(1)(a) of the Regulation, Article 19 of the Directive and section 46(1),(3) of the 1994 Act.

*Assessment*

98. It is common ground that the validity of each of the Trade Marks falls to be assessed as at the respective filing dates set out in paragraphs 2 and 3 above.
99. It is also common ground that the Claimants' allegations of infringement fall to be assessed as at 25 August 2010 (i.e. six years before the claim form).
100. So far as non-use is concerned, the Defendant's primary case is that the Claimants made no genuine use of any of the Trade Marks (apart from UK297, which is not open to attack on this ground) in the five-year periods following registration. The Claimants accept that, save in the case of UK864, they made no genuine use of the Trade Marks prior to 2010, but contend that they commenced or resumed use in 2010. In relation to UK864, the Claimants contend that they made genuine use of this Trade Mark by sales from the Whittard Shop and thus it cannot be revoked prior to 13 July 2002 (five years after the last recorded sale from the Whittard shop). Since that is more than six years prior to the claim form, however, this point is academic.
101. Accordingly, *prima facie*, the relevant periods for assessing whether the Claimants have made genuine use of the Trade Marks are as follows:
- i) for the UK Trade Marks (apart from UK297): 8 October 2010 to 7 October 2015 (i.e. the five years preceding the IPO Applications);
  - ii) for EU335: 12 October 2010 to 11 October 2015 (i.e. the five years preceding the Defendant's revocation application in the EUIPO);
  - iii) for EU651: 9 February 2011 to 8 February 2016 (i.e. the five years preceding the Defendant's revocation application in the EUIPO);
  - iv) for EU335 and E044: 21 October 2011 to 20 October 2016 (i.e. the five years preceding the Defendant's counterclaim in these proceedings).
102. As discussed below, the Claimants rely upon both alleged online and alleged offline uses of the Trade Marks. The Defendant accepts that the dates set out in the preceding paragraph are the relevant dates with respect to the alleged online uses, but contends for different, earlier dates with respect to the alleged offline uses. Although it appears to make little, if any, difference to the assessment, I do not accept this differentiation. In my view the dates for assessment cannot depend on the nature of use claimed by the trade mark proprietor. Moreover, I do not accept the Defendant's arguments for the earlier dates.
103. In relation to the UK Trade Marks, the Defendant relies upon Mr Loynd's acceptance that Walton was aware that its trade marks were vulnerable to a revocation attack by the Defendant from 22 September 2015 as justifying assessment over the period 22 September 2010 to 21 September 2015. The Claimants do not allege that they commenced or resumed use in the three months prior to the IPO Applications, however.

The Claimants' case is one of commenced or resumed use starting in 2010 and continuing thereafter.

104. In relation to the EU Trade Marks, the Defendant contends that the relevant dates are three months earlier than the dates set out in paragraph 101 above. Again, however, the Claimants do not allege that they commenced or resumed use in the three months prior to the various applications.
105. Turning to the Defendant's counterclaim for passing off, the Defendant contends that the relevant date for assessing this is April 2016, which is when the Claimants opened their pop-up shop in London. The Claimants contend that the relevant date is December 2010, when the Giordano Group launched its global e-shop. (For the avoidance of doubt, December 2010 is less than six years prior to the date of the Defendant's counterclaim.) Whether that is correct date depends on whether there was use of the name GIORDANO by the Claimants in the UK prior to April 2016. I will consider this question below.

### The average consumer

#### *The law*

106. It is settled that many issues in European trade mark law fall to be assessed from the perspective of the "average consumer" of the relevant goods or services, who is deemed to be reasonably well-informed and reasonably observant and circumspect. I reviewed this concept in *Enterprise Holdings Inc v Europcar Group UK Ltd* [2015] EWHC 17 (Ch), [2015] FSR 22 at [130]-[138]. Since then, it has been considered by the Court of Appeal in *London Taxi Corporation Ltd v Frazer-Nash Research Ltd* [2017] EWCA Civ 1729, [2018] FSR 7, where Floyd LJ (with whom Kitchin LJ agreed) said:
  - "31. I agree ... that the notion of an average consumer requires the court to consider any relevant class of consumer, and not to average them. I believe that conclusion to be consistent with the approach taken by this court in *Interflora Inc and another v Marks and Spencer plc* ...
  34. As with all issues in trade mark law, the answer to disputed questions is normally provided by considering the purpose of a trade mark which, broadly speaking, is to operate as a guarantee of origin to those who purchase or use the product. In principle, therefore, and in the absence of any authority cited to us which is directly in point, I would consider that the term average consumer includes any class of consumer to whom the guarantee of origin is directed and who would be likely to rely on it, for example in making a decision to buy or use the goods....
  35. In the present case I cannot therefore see any *a priori* reason for excluding the hirer of a taxi from the class of consumers whose perceptions it is necessary to consider. The guarantee of origin which the mark provides is directed not only at purchasers of taxis but also at members of the public, such as hirers of taxis. The hirer is a person to whom the origin function of the vehicle

trade mark might matter at the stage when he or she hires the taxi. I entirely accept that the hirer is also a user of taxi services, so that any dissatisfaction with the taxi or its performance is likely to be taken up with the taxi driver or his company. But if, for example, the taxi were to fail for reasons not associated with the taxi service, it would be on the manufacturer identified by his trade mark that the hirer would, or might, wish to place the blame. ...”

#### *Assessment*

107. The Defendant contends that there are two different average consumers in this case: (i) retailers of menswear, who are likely to exercise a high degree of care and attention; and (ii) members of the general public who purchase menswear, who are likely to exercise a reasonable degree of care and attention. Counsel for the Claimants did not take issue with this.

#### Invalidity of the EU Trade Marks on relative grounds

108. The Defendant attacks the validity of the EU Marks under Article 60(1)(a) of the Regulation on the basis that they conflict with its earlier Benelux and international trade marks, the details of which are as follows:
- i) Benelux Trade Mark No. 465,445 for the word GIORDANO in Classes 18 and 25 in the name of Abanicos and exclusively licensed to the Defendant registered on 1 April 1990 with a filing date of 11 August 1989.
  - ii) International Trade Mark No. 566,522 for the word GIORDANO in Classes 18 and 25 in the name of the Defendant registered on 18 January 1991 based on the Benelux Trade Mark. The Defendant relies upon the designation of the International Trade Mark in Austria and Italy.
109. After I decided to set aside the Claimants’ notice of discontinuance in respect of the EU Trade Marks, the Claimants accepted that the EU Trade Marks were invalidly registered in respect of Benelux, Austria and Italy. The Claimants reserved the right to apply to convert the EU Trade Marks to national trade marks in respect of the other Member States. As is common ground, the Claimants’ ability to convert the EU Trade Marks depends on the outcome of the Defendant’s other attacks.

#### Revocation of the Trade Marks for non-use

110. The Defendant seeks revocation of all the Trade Marks (except for UK297) for non-use. This is the most important issue in the case, although it breaks down into a number of sub-issues.

#### *The law*

111. *The law with respect to targeting.* In order for use of a trade mark online to qualify as use in the UK or elsewhere in the EU, the use must be targeted at the UK or elsewhere in the EU. In *Merck KGaA v Merck Sharp & Dohme Corp*, [2017] EWCA Civ 1834, [2018] ETMR 10 Kitchin LJ, having considered the judgments of the CJEU in Joined Cases C-585/08 and C-144/09 *Pammer v Reederei Karl Schluter GmbH & Co. KG and*



*Hotel Alpenhof GesmbH v Heller* [2010] ECR I-12527, Case C-324/09 *L'Oréal SA v eBay International BV* [2011] ECR I-6011 and Case C-173/11 *Football Dataco Ltd v Sportradar GmbH* [EU:C:2012:642], [2013] FSR 4, and a number of domestic authorities, summarised the relevant principles as follows:

- “[167] First, in determining whether an advertisement of goods bearing a trade mark on the website of a foreign trader constitutes use of the trade mark in the UK, it is necessary to assess whether the advertisement is targeted at consumers in the UK and in that way constitutes use of the mark in relation to goods in the course of trade in the UK.
- [168] Secondly, the mere fact that a website is accessible from the UK is not a sufficient basis for concluding that an advertisement displayed there is targeted at consumers in the UK.
- [169] Thirdly, the issue of targeting is to be considered objectively from the perspective of average consumers in the UK. The question is whether those average consumers would consider that the advertisement is targeted at them. Conversely, however, evidence that a trader does in fact intend to target consumers in the UK may be relevant in assessing whether its advertisement has that effect.
- [170] Fourthly, the court must carry out an evaluation of all the relevant circumstances. These may include any clear expressions of an intention to solicit custom in the UK by, for example, in the case of a website promoting trade-marked products, including the UK in a list or map of the geographic areas to which the trader is willing to dispatch its products. But a finding that an advertisement is directed at consumers in the UK does not depend upon there being any such clear evidence. The court may decide that an advertisement is directed at the UK in light of some of the non-exhaustive list of matters referred to by the Court of Justice in *Pammer* at [93]. Obviously the appearance and content of the website will be of particular significance, including whether it is possible to buy goods or services from it. However, the relevant circumstances may extend beyond the website itself and include, for example, the nature and size of the trader's business, the characteristics of the goods or services in issue and the number of visits made to the website by consumers in the UK.”

112. What the Court of Justice said in *Pammer* at [93] was as follows:

“The following matters, the list of which is not exhaustive, are capable of constituting evidence from which it may be concluded that the trader's activity is directed to the Member State of the consumer's domicile, namely the international nature of the activity, mention of itineraries from other Member States for going to the place where the trader is established, use of a

language or a currency other than the language or currency generally used in the Member State in which the trader is established with the possibility of making and confirming the reservation in that other language, mention of telephone numbers with an international code, outlay of expenditure on an internet referencing service in order to facilitate access to the trader's site or that of its intermediary by consumers domiciled in other Member States, use of a top-level domain name other than that of the Member State in which the trader is established, and mention of an international clientele composed of customers domiciled in various Member States. It is for the national courts to ascertain whether such evidence exists."

113. In a judgment delivered between argument and judgment in *Merck v Merck, Abanka dd v Abanca Corporación SA* [2017] EWHC 2428 (Ch), [2018] Bus LR 612, Daniel Alexander QC sitting as a Deputy High Court Judge made some illuminating observations which in my judgment are consistent with the case law of the CJEU and Kitchin LJ's summary of the principles:

"[102] The [Trade Marks Act 1994] and the relevant EU legislation are designed to ensure that a mark only remains on the register if some serious effort have been made by the proprietor itself to develop the market in the particular territory in respect of which use is alleged (see case law cited above). Where the proprietor has not sought to do so and it is a matter of happenstance that its customers are doing business in the UK and contact the proprietor in its "home" country in order to do so or present its (eg) credit cards for payment, it is hard to see why such indirect and passive mere visibility of the mark in the UK should constitute use. Were it otherwise, the continued registration of a mark would depend on the, perhaps fortuitous, fact that, in the relevant years, customers of the trade mark proprietor (rather than the proprietor itself) were doing business in the country in question, were living in the UK or the proprietor was in contact with the customer while in the UK. That would carry a risk that an undertaking would be treated as having used a mark in a wide range of territories, not on the basis of any acts it had itself undertaken or procured in those territories but simply on the basis that its customers in a foreign country had engaged in activities in the UK using services provided in that foreign country. If that approach were to be adopted, it may then become necessary to treat (for example) every presentation of a credit card for payment in a foreign country by a person taking advantage of credit services provided by a foreign bank as 'use' of the mark on the card by the card provider. Or, as soon as internet banking is made available, it may become necessary to treat the mark used as having been used in every place from which those services were accessible and had been accessed (at least to an extent that went beyond de minimis). In my judgment, that would not accord with the purposes of the provisions

concerning use of the mark by the proprietor, nor would it be consistent with the existing case law. The availability of internet provided services requires a degree of new thinking but there does not seem a principled reason why the fundamental analysis here should differ from the approach taken to services not provided over the internet. For example, in a situation in which the only use alleged of a mark in the UK was by way of customers of a foreign bank who while in the UK telephoned or wrote to that bank to arrange for some services to be provided, it would be a stretch to say that the foreign bank was using its mark in the UK, even if (for example) people benefitted from its actions in the UK, such as by receiving money in the UK or undertaking transactions on their foreign account—such as paying a supplier in the UK.

[103] Put colloquially, a proprietor should be treated as having used a mark in the UK if it has, itself ‘pushed’ its business and mark into the UK, not if it has been ‘pulled’ into the UK by (for example) its customers abroad, even though they may be based in the UK. That is the upshot of the case law on ‘direction’ or ‘targeting’ of a website to the UK cited above (see the summary of CJEU case law in the *Stichting BDO* case [2013] FSR 35). Quite what constitutes enough push of goods, services or advertising for them to the UK is not always easy to determine, especially in cases where a proprietor may be, in effect, a ‘pulled-pusher’ in that, without having taken any active steps to develop the market in the UK, it none the less takes business from consumers based in the UK.”

114. *The law with respect to genuine use.* The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bundesvereinigung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I-9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 P *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised as follows:

- (1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].
- (2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36];

*Sunrider* at [70]; *Verein* at [13]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* at [29].

- (3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]-[51].
- (4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].
- (5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71]; *Reber* at [29].
- (6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Leno* at [29]-[30], [56]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34].
- (7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

- (8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].
116. Counsel for the Claimants suggested that there was a difference between the assessment of what amounted to genuine use of a trade mark, and in particular the quantitative extent of the use required, depending on whether the trade mark was a national trade mark or an EU trade mark. As counsel for the Defendant pointed out, however, the Court of Justice has expressly held that the same principles are applicable to the interpretation of the relevant provisions of both the Directive and the Regulation: see *Leno* at [31].
117. Although both counsel made submissions based on the facts of some of these cases, and in particular the quantities of goods involved, the Court of Justice has made it clear that this is not a helpful exercise. As the Court stated in *Sunrider* at [77], “courts ruling in two different cases may assess differently the genuine nature of the use alleged before them, even when instances of that use have generated comparable sales volumes”. The Court has repeatedly made it clear that the assessment is a multi-factorial one, in which the quantity of the goods sold is only one factor. Thus, as has often been pointed out, it depends on (among other things) the nature of the goods: sale of a small quantity of goods is more likely to qualify as genuine use where the goods are passenger airliners than where the goods are potatoes.
118. *The law with respect to genuine use in the Union.* Whereas a national mark needs only to have been used in the Member State in question, in the case of a EU trade mark there must be genuine use of the mark “in the Union”. In this regard, the Court of Justice has laid down additional principles to those summarised above which I would summarise as follows:
- (9) The territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to genuine use in the Union: *Leno* at [44], [57].
- (10) While it is reasonable to expect that a EU trade mark should be used in a larger area than a national trade mark, it is not necessary that the mark should be used in an extensive geographical area for the use to be deemed genuine, since this depends on the characteristics of the goods or services and the market for them: *Leno* at [50], [54]-[55].
- (11) It cannot be ruled out that, in certain circumstances, the market for the goods or services in question is in fact restricted to the territory of a single Member State, and in such a case use of the EU trade mark in that territory might satisfy the conditions for genuine use of a EU trade mark: *Leno* at [50].
119. *Use of the trade mark in a form differing in elements which do not alter its distinctive character.* The CJEU stated in Case C-252/12 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [EU:C:2013:497], [2013] ETMR 46 (“*Specsavers (CJEU)*”) at [29] that the objective of what is now Article 18(1)(a) of the Regulation was:
- “by avoiding imposing a requirement for strict conformity between the form used in trade and the form in which the trade mark was registered, ... to allow the proprietor of the mark, in

the commercial exploitation of the sign, to make variations in the sign, which, without altering its distinctive character, enable it to be better adapted to the marketing and promotion requirements of the goods or services concerned.”

120. In *BUD and BUDWEISER BUDBRÄU Trade Marks* [2002] EWCA Civ 1534, [2003] RPC 25 Lord Walker of Gestingthorpe (with whom Pill LJ agreed) held that the correct approach to section 46(2) of the 1994 Act, which corresponds to Article 15(2)(a) of the Regulation, was as follows:

- “43. .... The first part of the necessary inquiry is, what are the points of difference between the mark as used and the mark as registered? Once those differences have been identified, the second part of the inquiry is, do they alter the distinctive character of the mark as registered?
44. The distinctive character of a trade mark (what makes it in some degree striking and memorable) is not likely to be analysed by the average consumer, but is nevertheless capable of analysis.
- ...
45. Because distinctive character is seldom analysed by the average consumer but is capable of analysis, I do not think that the issue of ‘whose eyes?—registrar or ordinary consumer?’ is a direct conflict. It is for the registrar, through the hearing officer’s specialised experience and judgment, to analyse the ‘visual, aural and conceptual’ qualities of a mark and make a ‘global appreciation’ of its likely impact on the average consumer, who:

‘normally perceives a mark as a whole and does not proceed to analyse its various details.’

The quotations are from para.[26] of the judgment of the Court of Justice in Case C-342/97 *Lloyd Schuhfabrik Meyer GmbH v Klijsen Handel BV* [1999] E.C.R. I-3819; the passage is dealing with the likelihood of confusion (rather than use of a variant mark) but both sides accepted its relevance.”

121. As this indicates, and as the recent decision of CJEU in Case C-501/15 *European Union Intellectual Property Office v Cactus SA* [EU:C:2017:750], [2018] ETMR 4 at [68]-[71] confirms, the normal approach to the assessment and comparison of distinctive character applies in this context.
122. As the case law of the General Court makes clear, alteration or omission of elements which are not distinctive is not capable of altering the distinctive character of a trade mark: see Case T-690/14 *Sony Computer Entertainment Europe Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:T:2015:950] at [45]. Furthermore, when a trade mark is composed of word elements and figurative elements, the former are, as a rule, more distinctive than the latter: see *Sony* at [49]. Accordingly, it is possible in an appropriate case for use of the word element on its own to constitute use of the trade mark: see *Sony* at [51].

123. The proprietor of the trade mark is not precluded from relying upon use of the trade mark in a form differing in elements which do not alter the distinctive character of the trade mark by the fact that that different form is itself registered as a trade mark: see Case C-553/11 *Rintisch v Eder* [EU:C:2012:671], [2013] ETMR 5 and *Specsavers (CJEU)*, which have been given legislative endorsement in Article 18(1)(a) of the Regulation.

*Assessment: UK864, UK398 and EU651 (Classes 25 and 35)*

124. The Claimants rely upon various different categories of use as amounting to genuine use of UK864 and UK398 in relation to clothing and footwear in the UK and genuine use of EU651 in relation to retail services relating to clothing respectively. There are two broad categories: online use and offline use. The former consists primarily of (i) advertising and offers for sale and (ii) actual sales made by (a) the global e-shop and (b) the AliExpress store. The Defendant disputes that these uses are uses within the relevant territories, contending that they are not targeted at the UK or other Member States of the EU. The offline uses take various forms. The Defendant contends that much of this evidence does not establish actual use of these Trade Marks, and that even where it does, the uses are mostly irrelevant since they are not within the relevant periods or in the wrong territory. The Defendant further contends a small number of uses are either of the wrong sign or token. I shall consider the various types of use relied upon category by category, beginning with the online uses. I shall then make an overall assessment in relation to each of these Trade Marks.
125. *The global e-shop.* The relevant version of the global e-shop is the 2010 version, which was operational from December 2010 to about 22 February 2016. The 2016 version, which was operational from about 22 February 2016, is not relevant mainly because it is too late. From December 2010 to about June 2012 the global e-shop was located at <http://gb.e-giordano.com>. After about 5 June 2012 (when Giordano Ltd acquired the domain name [giordano.com](http://giordano.com) from a US company called Giordano Automation) it was located at <http://gb.giordano.com>. I note the following points about the global e-shop.
126. First, it was an international website. The Claimants themselves describe the site as a “global” e-shop. Furthermore, Mr Huang accepted that it was a global website serving global users.
127. Secondly, the general appearance of the home page was US-oriented or at best (from the Claimants’ perspective) international: the language was English; a tab at the top right of the home page displayed the legend “Shipping to” together with, as the default option, “United States” and a US flag; prices (when displayed) were in US dollars; the imagery, in the rare instances it had any identifiable location, was of the US (such as a photograph of the New York skyline); the models were predominantly (but not exclusively) Caucasian; symbols indicated that payment by PayPal, MasterCard, Visa, American Express and bank transfer were accepted; and two email addresses were given “bulk purchase: [silas@giordano.com.cn](mailto:silas@giordano.com.cn)” (apparently Chinese) and “your feedback: [au-eshop@giordanogroup.com](mailto:au-eshop@giordanogroup.com)” (apparently Australian). No UK or EU address, telephone number or email address was given. It is therefore not surprising that Ms Reyes-Pava’s evidence was that she thought that the website (which she visited after buying trousers from the AliExpress store as discussed below) was operated by an American company.

128. Thirdly, the bottom of the home page contained small links to “Giordano Australia E-Shop”, “Giordano China Website”, “Giordano Taiwan Website” and “Complete List of Global E-Shop”. The first three links, as their names suggested, were to country-specific subsites located at country-specific subdomains for Australia, China and Taiwan respectively. There is no dispute that the country-specific subsites were targeted at the respective countries: for example, the Australian subsite was priced in Australian dollars, had Australian-specific content and Australian contact information and orders were fulfilled by an Australian subsidiary. Clicking on the fourth link led a page bearing the strapline “World Without Strangers” superimposed on a photograph of four models beneath the brand name GIORDANO. Below the photograph and strapline was the invitation “Visit our eshop/website” above a table displaying the names of 32 countries. 17 of these were European: 16 EU countries, including the UK, and Switzerland. One was the United States. Clicking on one of the non-European countries other than the US led to a country-specific subsite displaying the name and flag of the relevant country (except that in a few cases it was that of a different country, such as Australia rather than Oman). By contrast, clicking on any of the European countries or the US redirected the user back to the global home page described above. Although Mr Huang suggested that this would have led to the relevant country name and flag being displayed to the user, I am not satisfied that that was the case during the relevant period.
129. Fourthly, a user could place an order via the global e-shop and have the goods delivered to almost any country in the world: at the point of entering the shipping address, the user was presented with a dropdown menu listing most countries of the world in alphabetical order. Mr Huang included in his first statement a screenshot of the section of the menu containing the UK which runs from Tokelau to Wallis and Fortuna. Thus European users could (and did, as discussed below) place orders for delivery to their home addresses. It appears, although the evidence is not very clear, that at this point the flag for the relevant country would be displayed to the user. Prices and payment were in US\$, although a UK user who opted to use PayPal (as Mr Batchelor, Ms Nicoll, Mr Nudds and Mr Schuck did) would be informed by PayPal of the sterling equivalent.
130. Fifthly, it is relevant to consider how a European user would find the global e-shop. The Claimants rely upon the fact that, during the relevant period, many of the hits on the first page of a Google search for “giordano” were for Giordano Group websites, with the global e-shop near the top. (The Giordano Group did not engage in keyword advertising, and so these were organic search results.) As the Defendant points out, however, this presupposes that the consumer is already familiar with GIORDANO as a brand of clothing. Moreover, in order for the consumer to be searching for a Giordano Group website, the consumer would need to be aware of GIORDANO as denoting the Giordano Group’s clothing. Four of the six consumer witnesses relied upon by the Claimants who purchased goods from the global e-shop found the global e-shop by carrying out a Google search, while two say that they found the global e-shop easily but do not specify precisely how. As discussed in more detail below, in all six cases, they had already encountered Giordano Group clothing.
131. Counsel for the Defendant submitted that the best evidence as to the frequency with which users visited the global e-shop as a result of Google searches for “Giordano” comes from the Claimants’ Google Analytics data, which shows that there were 16 UK visitors to the 2016 version of the global e-shop as a result of such searches in the period from 22 February to 21 October 2016 (12 of whom were new users and none of whom



purchased anything). Counsel for the Defendant submitted that the figures during the period from December 2010 to February 2016 are unlikely to have been significantly higher. While this seems plausible, the data discussed below indicates a rather higher level of visitors to the global e-shop, and it would be surprising if a proportion of those visitors had not found it through Google searches.

132. A user could also click through to the global e-shop from the Giordano Group's Hong Kong website located at [www.giordano.com.hk](http://www.giordano.com.hk), but that was a website in Cantonese which Mr Huang accepted was targeted at Hong Kong. Similarly, a user could click through from [www.e-giordano.com](http://www.e-giordano.com), but that was a website in Mandarin which Mr Huang accepted was targeted at China.
133. Sixthly, the Claimants rely upon Google Analytics data for the global e-shop. For the reasons touched on above, these data are not very easy to interpret. Mr Huang set out the data below in his second statement.

#### **United Kingdom**

<b>Year</b>	<b>Unique visitors</b>	<b>Sessions</b>	<b>Avg. pages per session</b>	<b>Avg. session duration (s)</b>
2011	2795	3108	3.96	172.31
2012	2420	2789	4.18	186.20
2013	3073	3544	3.89	149.38
2014	2616	3061	3.89	151.06
2015	2949	3467	4.21	187.27

#### **Rest of EU**

<b>Year</b>	<b>Unique visitors</b>	<b>Sessions</b>	<b>Avg. pages per session</b>	<b>Avg. session duration (s)</b>
2011	2191	2696	6.76	314.91
2012	3420	4091	5.47	249.54
2013	4723	5481	4.44	185.99
2014	3775	4297	4.62	178.45
2015	3662	4481	4.77	219.93

134. In response Mr Walsh exhibited Google Analytics data obtained from the inspection referred to in paragraph 43 above. These data show that the proportion of UK traffic to the global e-shop during the period 1 December 2010 to 1 March 2016 was 4.97% (14,277 UK visitors out of 287,304) and the proportion of UK sessions was 4.71% (16,743 out of 355,823). 90.95% were new visitors, while 9.07% were returning visitors. The average number of pages per session for UK visitors was 3.92 while the average session duration was 168 seconds. These figures are in fairly good agreement with Mr Huang's figures, but provide a little more context and detail. An additional

piece of information is that the average page load time for UK visitors was 12.41 seconds, which may explain the low proportion of returning visitors.

135. It is unclear from the evidence whether or not Giordano Group utilised the option available in Google Analytics from about 30 July 2014 to exclude known bots and spiders. The figures from before that date will have included visits from bots and spiders, rather than human beings. Even assuming that Giordano Group did utilise this option after that date, the figures will have included visits by bots and spiders which were not known to Google Analytics. Thus all the figures are likely to be inflated, but there is no evidence as to how big a factor this is.
136. Nor is there any evidence as to what proportion of UK visitors were expatriates from countries in the Giordano Group's core markets or people from those countries who were temporarily residing in or visiting the UK. It seems probable that a proportion of the UK visitors fell into these categories, however. This may go some way to explaining the discrepancy between the numbers of UK visitors and the small number of such visitors who arrived via Google searches. (Another factor, of course, is the use of other search engines; but Google is the predominant search engine in the UK.)
137. Seventhly, the Claimants rely upon the fact that 536 visitors with .uk email addresses or UK shipping addresses registered with the global e-shop during the period 2010-2016. This is about 2.4% of UK visitors to the site. Since a number of the consumer witnesses registered, at least some of those registering will have been consumers who found the global e-shop in the same way as they did i.e. through searching for GIORDANO as a result of having encountered it in the Giordano Group's core markets. The consumer witnesses who registered, and presumably anyone else who registered, received periodic promotional emails from Giordano Group as a result.
138. Eighthly, the current shipping fees for goods ordered from global e-shop are US\$ 15 for the UK and US\$ 20 for other European countries. It appears that the same level of shipping fees applied during the relevant period (thus Ms Nicoll was charged US\$ 15). Orders are shipped from Guangzhou, China and normally reach European countries within 10-20 days, but Giordano Group does not take any responsibility for delays. It appears that the same was true during the relevant period, although Mr Nudds commented that the goods he ordered arrived more quickly than he had expected. Returns must be made to Guangzhou within seven days of arrival. Again, it appears that the same was true during the relevant period (although the invoice sent to Ms Nicoll stated that the goods could not be refunded or exchanged).
139. Ninthly, it is not in dispute that the Giordano Group made a small quantity of sales of clothing to EU, including UK, consumers, during the relevant period from the global e-shop. Both the invoices for these sales and the actual clothes bore the GIORDANO trade mark. The figures for the UK and the EU including the UK are set out below.

**Sales to consumers in the UK**

Year	Quantity	US\$
2010	0	0
2011	45	1,836.75
2012	38	2,225.38
2013	22	806.85
2014	26	686
2015	45	1,199.40
<b>Total</b>	176	6,754.38

**Sales to consumers in the EU (including UK)**

Year	Quantity	US\$
2010	2	60.09
2011	179	6,016.28
2012	155	7,610.13
2013	117	5,302.55
2014	142	2,668.55
2015	564	4,612.30
<b>Total</b>	738	26,269.90

140. The US\$ figures set out above include delivery fees. For example, the figure of US\$806.85 for sales to UK consumers in 2013 includes US\$120 of delivery fees. Thus the actual value of clothing sold in that year was only US\$686.85. If that year was representative, the total of UK sales would be US\$5,750. The EU figure would be no more than US\$22,363, and almost certainly somewhat lower due to the higher shipping charges for the remainder of the EU. Doing the best I can, it is likely that the EU figure did not exceed US\$20,000.
141. Tenthly, the Claimants place considerable reliance upon the largely unchallenged evidence of the six consumer witnesses. Their evidence is briefly summarised in the table below.

Witness	How encountered GIORDANO	Reason for visiting global e-shop
Batchelor	Had lived in Thailand and travelled in SE Asia and became customer then	Repeat purchase
Crawshaw	Had lived in Hong Kong and became customer then	Repeat purchase

Donnelly	Purchased shirts from shop in Singapore Airport	Repeat purchase
Nicoll	Purchased shirts from shop in Singapore Airport	Repeat purchase (to replace lost shirts purchased in Singapore Airport)
Nudds	Had travelled to Hong Kong and Thailand and became customer then	Repeat purchase
Schuck	Had lived in Dubai and became customer then	Repeat purchase

142. The Claimants particularly rely upon the evidence given by the consumers that, as they variously put it:
- i) “I was never in any doubt that the website was meant for me as a UK consumer” (Batchelor);
  - ii) “I never felt as though the website was not meant for me as [a] UK consumer” (Crawshaw);
  - iii) “I was never concerned that the Giordano website was not designed for me as a UK consumer” (Donnelly);
  - iv) “I had no doubt that this website was specifically making Giordano products available to UK consumers” (Nicoll);
  - v) “I always felt that the website was an international website which served UK consumers” (Nudds);
  - vi) “I always considered that the website ... was specifically meant for me as a UK consumer” (Schuck).
143. This evidence has to be treated with some caution. For example, it is clear from Mr Schuck’s evidence that he was influenced by a statement made by Jessy Lee of the Giordano Group in an email dated 5 January 2015 that “the shirt you said is not sold in our online shop because each shop would have different products to keep its [sic] unique”. Mr Schuck interpreted this to mean that “the prices and products sold on the Giordano site for the UK were different to any other country’s site in order to make sure each one was unique”. That is not in fact what the email says and it is not correct. As for Ms Nicoll, she explains in her statement that the reason she thought this was that she was able to request delivery to the UK, whereas she had not been able to do so when she visited the Giordano Group’s previous online shop in November 2010. Moreover, she acknowledges that “clearly this was an international website which sold clothing to people from various countries”. Overall, I consider that the most representative statement is that of Mr Nudds.
144. Considering the evidence with respect to the global e-shop as a whole, I conclude that the 2010 version was not targeted at the UK or any country in the EU. Apart from the

country-specific subsites mentioned above, it was an international website selling GIORDANO clothing to consumers all around the world. It is true that it offered delivery to the UK and other EU countries, but it offered delivery to most other countries as well. The high point of the Claimants' case is the fact that 16 EU countries were listed in the table of 32 countries referred to in paragraph 128 above, but as discussed there clicking on any of those countries simply led the user back to the global home page. To adopt Mr Alexander QC's terminology, the 2010 version of the global e-shop did not "push" advertisements and offers for sale at the UK or elsewhere in the EU, rather they were "pulled" into these jurisdictions by users based here who had encountered the GIORDANO brand while residing in or visiting one (or more) of the Giordano Group's core markets.

145. It is necessary to distinguish between the advertisements and offers for sale made by the global e-shop and the specific sales made to consumers in the UK and elsewhere in the EU, however. While I consider that the global e-shop's advertisements and offers for sale were not targeted at the UK or EU, and thus did not represent use of GIORDANO in those countries, I consider that the specific sales did represent use of GIORDANO in relation to clothing in the UK and the EU. This was not a case of isolated or accidental sales, but of repeated sales over an extended period which occurred as a result of a deliberate policy on the part of the Giordano Group to sell goods to consumers in many countries, including the UK and other countries in the EU. Moreover, those sales resulted in GIORDANO-branded goods being shipped to the UK and elsewhere in the EU and worn by consumers in those countries. Thus these sales represented "pulled-pushing" by the Giordano Group.
146. The question whether there was genuine use of any of the Trade Marks as result of the sales made by the global e-shop is a separate question which I will consider below.
147. *The AliExpress store.* AliExpress is an e-commerce platform operated by Alibaba which serves the world apart from China. The Giordano Group has operated a store on AliExpress located at [www.aliexpress.com/store/1113130](http://www.aliexpress.com/store/1113130) since late January 2014. There is less evidence about this than about the global e-shop, and in any event it is not necessary for me to consider it in as much detail. I note the following points.
148. First, the AliExpress store is again an international one.
149. Secondly, in order to find the AliExpress store a consumer would again normally need to have heard of GIORDANO. Ms Reyes-Pava provides an exception, since she searched for fleece-lined trousers using Google Images, and found a pair she liked the look of for sale on what turned out to be the AliExpress store. Prior to this, she had never heard of GIORDANO. Thus it was pure chance that Ms Reyes-Pava encountered the AliExpress store. It is very unlikely that any other consumer will have found it in the same way.
150. Thirdly, prices were displayed in US\$ by default. It appears that by 27 August 2015 AliExpress had introduced a dropdown menu enabling users to select one of a number of different currencies, including GBP.
151. Fourthly, the AliExpress store operated on Pacific Time.

152. Fifthly, like the global e-shop, the AliExpress store offered shipping to almost every country in the world. By 27 August 2015 AliExpress had introduced a dropdown menu enabling the user to select one of a large number of countries to ship to (each country being accompanied by its national flag).
153. Sixthly, although AliExpress provided free shipping to the UK by China Post air mail (or more recently AliExpress standard shipping), the estimated delivery time was 20-40 days and delivery was only guaranteed by the Giordano Group within 60 days.
154. Seventhly, a screenshot of the AliExpress store from the WaybackMachine dated 12 November 2015 includes a store map for the Giordano Group's stores which does not include any in Europe.
155. Eighthly, the Claimants rely upon the evidence of Ms Reyes-Pava that she was "always sure that the Giordano AliExpress website was for me as a UK consumer". But this was partly based on her recollection that the prices had been displayed in sterling, and it is not clear that her recollection was correct.
156. Ninthly, it is not in dispute that the Giordano Group made a small quantity of sales of clothing to EU, including UK, consumers, during the relevant period from the AliExpress store. Again, both the invoices for these sales and the actual clothes bore the GIORDANO trade mark. The figures for the UK and the EU including the UK are set out below.

**Sales to consumers in the UK**

Year	Quantity	US\$
2010	0	0
2011	0	0
2012	0	0
2013	0	0
2014	3	49.78
2015	39	1,098.11
<b>Total</b>	42	1,147.89

**Sales to consumers in the EU (including UK)**

Year	Quantity	US\$
2010	0	0
2011	0	0
2012	0	0
2013	0	0
2014	32	773.93
2015	389	9,240.45

Total	421	10,014.38
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157. The conclusions that I reach in relation to the AliExpress store are the same as in relation to the global e-shop: the advertisements and offers for sale were not targeted at the UK or the rest of the EU, but the specific sales were. Again, the question whether the latter amounted to genuine use is a separate question.
158. *Social media.* The Giordano Group operates English language social media accounts on Facebook and Instagram. Counsel for the Claimants did not rely upon this form of use in his opening and closing submissions, and so I do not propose to deal with it in any detail. Suffice it to say that I agree with the Defendant that it does not assist the Claimants for the reasons given in the Defendant's written closing submissions.
159. *Offline uses.* Although the Claimants' evidence describes various offline uses – or attempted uses – of GIORDANO, counsel for the Claimants placed little reliance on this evidence in his submissions. Again, therefore, I do not propose to deal with most of the evidence in any detail. Again, suffice it to say that I agree with the Defendant that it does not assist the Claimants for the reasons given in the Defendant's written closing submissions. In particular, a lot of the uses relied upon were too early or too late. I will say a little more about two specific categories of use.
160. First, as mentioned above, Dr Lau and Mr Loynd gave evidence about approaches from, and discussions with, various potential franchisees and other partners in Europe over the years. The Claimants have disclosed emails and correspondence relating to a number of these approaches and discussions. Counsel for the Defendant submitted, and I agree, that the overall impression conveyed by this evidence is of a lack of interest on the part of Giordano Group in entering the European market at least until relatively recently. In any event, none of this evidence shows actual use of any of the Trade Marks during the relevant periods.
161. Secondly, as also mentioned above, the Giordano Group opened pop-stores in Spain and the UK. In Spain, there were four shops in Madrid open from 6 December 2015 to 31 January 2016, 15-17 January 2016, 28-30 January 2016 and 2-29 February 2016. The Defendant contends that this use is too late, but I find that most of it is not too late for EU651 - only the period from 8 February 2016 onwards. There were sales of €4,069.36 in December 2015 and €6,776.46 in January 2016 with over €1000 worth of returns. Discounts of 70% were offered in February 2016, even though the Giordano Group's stated policy is to resist discounting. The Defendant contends that, having regard to timing (not long after 22 September 2015) and the circumstances, this was token use i.e. use for the purpose of trying to maintain (some of) the Trade Marks. I accept that contention.
162. The first UK store was in Liverpool from 15 February to 14 March 2016. No sales figures have been disclosed. The second UK store was in Brick Lane, London from 9 April to 27 May 2016. Mr Loynd accepted that much of the stock sold in London was heavily discounted. Although sales figures have been disclosed, they do not correlate with the figure from the relevant VAT returns set out in paragraph 56 above. This use is too late. The Defendant contends that, having regard to the timing and circumstances, it was also token use. Again, I accept that contention.

163. *Overall assessment.* The main uses relied upon by the Claimants are the global e-shop and the AliExpress store. For the reasons explained above, I conclude that the advertisements and offers for sale made by the global e-shop and the AliExpress store were not targeted at the UK or other countries in the EU, but the actual sales were. Rightly, the Defendant does not contend the actual sales were token: they were normal commercial transactions. But the Defendant nevertheless contends that, taking all the relevant factors into account, the sales did not amount to genuine use of UK864, UK398 or EU651.
164. The Defendant particularly relies upon the following factors in support of this contention. First, the “pulled-pushing” character of the sales. The Giordano Group was not actively selling to the UK or the rest of the EU, it was passively accepting orders from those locations.
165. Secondly, the nature of the goods. Clothes are staple consumer items purchased by virtually everyone in the EU on a regular basis. Moreover, the Giordano Group’s clothes are inexpensive, everyday casual articles.
166. Thirdly, the nature of the market. The EU market for clothing is vast, and the UK market is very large. It is not a market with special characteristics, and it is an EU-wide market.
167. Fourthly, the scale of the sales is miniscule compared to the size of the market in the UK, let alone the EU, particularly bearing in mind that it is spread across the relevant five-year periods.
168. Fifthly, the scale of the sales is commercially insignificant in the context of the Giordano Group’s own business. As counsel for the Defendant put it, in the context of a business with sales of over £520 million in 2017, the value of the sales is little more than a rounding error.
169. Sixthly, the scale of the sales is commercially insignificant when viewed just in the context of the Giordano Group’s online sales. By comparison, its Chinese website generated HK\$310 million in sales in 2017, which represented 93.2% of its online sales.
170. Overall, the Defendant contends that the sales are not consistent with any real attempt to create or preserve a market for the Giordano Group’s goods in the UK or its retail services in the EU. I accept this. Accordingly, I conclude that the Claimants have not established genuine use of UK864, UK398 or EU651. Each of those Trade Marks will be revoked with effect from five years after their respective registration dates.
171. Three points remain for me to deal with briefly. First, the Defendant contends that use of GIORDANO in plain type does not amount to use of UK398 in any event. I disagree. In my view use of GIORDANO in plain type amounts to use of the Trade Mark in a form differing in elements which do not alter its distinctive character. The distinctive character of UK398 derives from the word GIORDANO. Neither the word LADIES, which is wholly descriptive, nor the typography, which is essentially just a decorative font and a difference in the sizes of the two words, contribute any significant distinctive character to the Trade Mark.
172. Secondly, if I had found that there was genuine use of EU651, I would have found that it was genuine use in the Union given that there were sales to a number of EU countries.



173. Thirdly, if I had found that there was genuine use of EU651, I would only have found that there was genuine use in relation to online retail services relating to clothing, and so the remainder of the specification would fall to be revoked.

*Assessment: UK444 and EU044 (Class 14)*

174. The Claimants' evidence of use of these Trade Marks relates to a licence granted by Walton to Solar Time Ltd ("Solar") on 11 November 2000 to manufacture and market Class 14 goods under various GIORDANO trade marks. As counsel for the Defendant pointed out, it is striking that, although the Claimants filed a witness statement from Notan Tolani of Solar in opposition to the IPO Applications, the Claimants did not rely upon this statement at trial or any other evidence from Solar. Although Mr Loynd exhibited various Solar invoices and other documents evidencing use in the UK and the EU, with three exceptions they are all either too early or too late.
175. The first and most important exception is an invoice dated 29 January 2014 from Solar to NHP Hanse Distribution GmbH ("NHP") in Germany. The invoice is for 2,124 watches at a total price of US\$ 69,336 FOB Hong Kong shipped by air. The goods are described as "GIORDANO WATCHES" and the invoice states that the prices are inclusive of gift box, guarantee booklets and warranty cards. A box headed "Shipping Marks" includes the statement "BRAND: GIORDANO". Counsel for the Defendant accepted that the invoice itself amounted to use of GIORDANO in relation to watches in Germany, but submitted that it did not establish use in relation to the actual watches for two reasons. First, because it did not establish that the watches themselves were marked GIORDANO. I do not accept this submission. The licence agreement plainly envisages that the watches will be marked GIORDANO, the other evidence shows that watches marked GIORDANO were produced and in my view the natural interpretation of the invoice is that the watches in question were marked GIORDANO. Secondly, because the evidence did not establish that the watches had been sold by NHP. That I accept, but it remains the case that the invoice establishes the sale and shipment of GIORDANO watches to a distributor in Germany. What it does not establish is use of the domino logo which is the subject of EU044.
176. The second exception is some posts on a Giordano Timewear Facebook page operated by Solar dating from 18 February 2013 to 2 June 2014. The Claimants made no attempt to show that this was targeted at the UK or elsewhere in the EU, however. Nor is there any use of the domino logo.
177. The third exception is a Giordano Timewear website operated by Solar located at [www.giordanotimewear.com](http://www.giordanotimewear.com). The earliest date established for this is 16 July 2015, but that is within the relevant periods for both UK444 and EU044. The only basis for suggesting that the website targeted the EU is that it had a "contact us" page giving contact details for the Czech Republic, Greece, Italy and Portugal. While this is certainly a pointer toward targeting the EU, in my judgment it is not sufficient on its own. In any event there is no use of the domino logo.
178. Overall, there is no evidence of use of UK444 within the relevant period. As for EU044, there is no evidence of use of the domino logo within the relevant period. While there is evidence of use of GIORDANO in Germany, I do not consider that amounted to use of EU044 in a form differing in elements which do not alter its distinctive character. A significant part of the distinctive character of EU044 derives from the domino logo,

even if the dominant element is the word GIORDANO. Accordingly, both Trade Marks will be revoked from five years after their respective registration dates.

*Assessment: UK444, UK757, UK297 and EU335 (Class 18)*

179. The Claimants' evidence of use of these Trade Marks partly relates to licences granted by Walton to Solar on 11 October 2003 and 20 July 2012 to manufacture and market Class 18 goods under various GIORDANO trade marks and partly to use by the Giordano Group itself. Again, there is no direct evidence from Solar (although Mr Loynd relied upon a statement by Mr Tolani in the EUIPO by way of hearsay).
180. So far as the Solar licence is concerned, the only evidence of use during the relevant period is hearsay evidence from Mr Tolani (unsupported by any documentation) of sales in Switzerland in 2013, but that does not assist the Claimants.
181. Turning to the Giordano Group's own use, Mr Loynd exhibited a single screenshot from the WayBack Machine dated 13 June 2015 showing that a faux leather wallet had been advertised on the global e-shop. This does not assist the Claimants because I have already concluded that such advertisements were not targeted at the UK or elsewhere in the EU. Mr Loynd also gave evidence about the manufacture of 160 leather bags bearing a different version of the GIORDANO LADIES mark for Giordano Ltd in Italy in 2002, but as he accepted those bags were exported to Hong Kong (presumably for sale by the Giordano Group there). Finally, although Mr Loynd gave no specific evidence on the point in his witness statement, the Claimants disclosed documents evidencing sales of belts through the global e-shop. During the relevant period, a total of eight belts were sold: one to the Czech Republic, two to the Republic of Ireland, two to Italy and three to the UK. I accept these sales were targeted to the countries in question, but I do not accept that they amount to genuine use of these Trade Marks.
182. Accordingly, I conclude that the Claimants have failed to establish genuine use of these Trade Marks during the relevant periods. It follows that they must be revoked with effect from five years after their respective registration dates.

*Assessment: EU150 (Class 9)*

183. The Claimants' evidence of use of this Trade Mark relates to licences granted by Walton to Vista Eyewear International (Asia) Ltd ("Vista") on 19 July 2010 and 14 February 2014 to manufacture and market eyewear bearing various GIORDANO trade marks. As Mr Loynd accepted, however, Vista operates in Asia, and does not operate in the EU. Mr Loynd gave evidence that Vista had attended the MIDO international eyewear show in Milan to promote GIORDANO-branded eyewear between 2012 and 2016, but he did not suggest that Vista had made any sales of eyewear in any EU country as a result. In any event, there is no evidence of any use of the domino logo at MIDO.
184. Accordingly, I conclude that the Claimants have failed to establish genuine use of this Trade Mark during the relevant period. It follows that it must be revoked with effect from five years after its registration date.

Invalidity of UK297 on the ground of bad faith

185. The Defendant contends that Walton applied to register EU150, EU651 and UK297 in bad faith (a similar attack on EU335 and EU044 was abandoned in closing submissions). Having regard to my conclusion that all of the EU Trade Marks must be revoked for lack of genuine use, it is not necessary to consider this attack on EU150 and EU651. In the case of UK297, the Defendant contends that this application was made in bad faith for three cumulative reasons, namely:

- i) Walton had no intention to use UK297 when the application was made;
- ii) Walton knew about the Defendant's prior use of the sign GIORDANO in respect of clothing in the EU before Walton filed UK297, and consequently it is to be inferred that the purpose of the application was to prevent the Defendant's legitimate business and/or to confer a monopoly on Walton to which it was not entitled; and
- iii) Walton filed the application after the Claimants had started negotiations with the Defendant in January 2014, and consequently it is to be inferred that Walton intended to block the Defendant's trade in GIORDANO in the UK and illegitimately to bolster its position in the negotiations.

*The law*

186. I reviewed the general principles concerning bad faith as a ground of invalidity in *Red Bull GmbH v Sun Mark Ltd* [2012] EWHC 1929 (Ch), [2013] ETMR 53 at [130]–[138]. Leaving aside the question of the date of assessment, which I have already dealt with, these may be summarised as follows:

- i) A person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is the balance of probabilities, but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith.
- ii) Bad faith includes not only dishonesty, but also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced people in the particular area being examined.
- iii) The purpose of this ground of invalidity is to prevent abuse of the trade mark system. There are two main classes of abuse. The first is abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second is abuse vis-à-vis third parties.
- iv) In order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case.
- v) The tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's

conduct was dishonest (or otherwise fell short of the standards of acceptable commercial behaviour) judged by the ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry. (In this respect, the approach to be taken is consistent with that recently articulated by the Supreme Court in *Ivey v Genting Casinos UK Ltd* [2017] UKSC 67, [2017] 3 WLR 1212.)

- vi) Consideration must be given to the applicant's intention. This is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

187. So far as the second class of abuse identified above is concerned, counsel for the Claimants relied on what I said in *Hotel Cipriani srl v Cipriani (Grosvenor Street)* [2009] EWHC 3031 (Ch) [2009] RPC 9 at [186]:

"It is clear that an application can be made in bad faith vis-vis a third party in circumstances where the third party cannot maintain a relative ground of objection to the registration of the Community trade mark under Arts.8 and 52. Generally speaking, bad faith in such a case will involve some breach of a legal or moral obligation on part of the applicant towards the third party. The classic instance of this is where the applicant has been in discussions with a foreign manufacturer about distributing the latter's goods in the Community, and then applies to register the trade mark under which the goods are marketed in the country of origin and under which the manufacturer proposes to market them in the Community. It is not necessary, however, for there to have been contractual or pre-contractual relations between the parties in order for an application to be made in bad faith. Thus bad faith may exist where the applicant has sought or obtained registration of a trade mark for use as an instrument of extortion, as in the *Melly* case. Nevertheless, I consider that Art.51(1)(b) has no application to situations involving a *bona fide* conflict between the trade mark rights, or perceived rights, of different traders."

I adhere to what I said there, which I believe remains an accurate statement of law.

188. I reviewed the law as to whether lack of intention to use the trade mark amounted to bad faith at length in *Sky plc v SkyKick UK Ltd* [2018] EWHC 155 (Ch) at [175]-[234] and [2018] EWHC 973 (Ch) at [20]-[21]. For the reasons explained in those judgments, I have referred questions to the CJEU on this topic.

#### *Assessment*

189. For the reasons explained above, the question whether Walton acted in bad faith when applying for UK297 must be assessed as at 4 September 2014.
190. Mr Loynd stated in his witness statement that the application for UK297 was made on his instructions "because of the efforts that Dominic Irwin and myself were making in respect of the UK market and because I considered that it was prudent that most up to

date iteration of the GIORDANO logo was registered". He said that this pre-dated his knowledge of the Defendant's activities in the UK, which he did not become aware of until "later in 2015". He also said that Walton had applied for UK297 at a time when it had existing trade marks across the EU, including the UK, and had been selling the relevant goods through the online stores (i.e. the global e-shop and the AliExpress store) for several years. Finally, he said that Walton had had a genuine intention to use it.

191. Counsel for the Defendant did not challenge Mr Loynd's evidence that Walton had had a genuine intention to use UK297 at the date of the application, and therefore it is not open to the Defendant to rely upon this ground for the allegation of bad faith.
192. Counsel for the Defendant did challenge the explanations Mr Loynd gave for the making of the application. As she pointed out, it was Mr Loynd's own evidence that the Giordano Group had started using the particular stylised form of GIORDANO which is the subject of UK297 in about 2005. Thus it was nearly a decade old. When challenged, Mr Loynd said that Walton had also applied to register that form in Asia, but as counsel for the Defendant submitted, there is a difference between registering a mark in a core market and registering it outside that core market. When counsel for the Defendant pointed out that Walton already had the word GIORDANO registered in the UK, Mr Loynd claimed that he thought it was "important to have a uniform mark protected in all the regions we were interested in". If that was the explanation, Walton would have applied to register the stylised form in Classes 18, 25 and 35 in the EU at the same time, but it did not. (In saying this, I do not overlook the fact that Walton had filed applications in various countries to register giordano/ladies and GIORDANO junior in the same font in February and March 2014.)
193. Mr Loynd accepted that he was aware that the earlier UK marks would be vulnerable to revocation if they had not been used. It was not put to him, however, that he knew in September 2014 that they had not been used and thus were liable to revocation.
194. Mr Loynd did not accept that he was aware of the Defendant's trade in the UK at the time. It is clear from the evidence that the Giordano Group was aware that the Defendant was marketing GIORDANO-branded clothing in a number of countries in the EU. The evidence does not affirmatively establish that the Giordano Group was aware that the Defendant's trade extended to the UK, but it seems to me that Giordano Group must have appreciated from what it did know that it was likely that the Defendant was trading in the UK.
195. Mr Loynd accepted that he was aware of the discussions between Mr Chugani and the Defendant. When asked why the Giordano Group had not informed the Defendant of its intention to file UK297, he relied upon the stance taken by the Defendant that it would act to protect its interests. Although Mr Loynd referred to Mr Stöpetie's email dated 22 September 2015, it is fair to say that Karel Verweij had previously adopted that stance in his email dated 27 May 2015. Either way, that took place in 2015, after the filing of UK297. Nevertheless, the fact of the matter remains that, by 4 September 2014, the trade mark war between the Giordano Group and the Defendant had already broken out. It does not matter whether one regards the first shot as being Walton's EUTM applications filed on 18 February 2014 or the oppositions filed by the Defendant and Abanicos on 31 July 2014. By mid-August 2014, when the oppositions were notified to Walton, it would have been clear to both sides that the other was likely to

take such steps in the relevant trade mark offices that it considered appropriate to protect its interests. I do not think that the timing of the filing of UK297 is a coincidence.

196. The conclusion I draw from the evidence is that Walton's reason for filing the application for UK297 was not in order to ensure that that stylised form was protected. Rather it was, as counsel for the Defendant put to Mr Loynd, to provide the Giordano Group with an additional piece of armoury in order to bolster its position in the UK. Contrary to the submission of counsel for the Defendant, however, I do not consider it significant that the Giordano Group did not inform the Defendant that it was filing UK297. I consider it probable that the Giordano Group anticipated that UK297 would come to the Defendant's attention in due course, just as the EUTM applications filed on 18 February 2014 had. In any event, I cannot see what difference it would have made if the Giordano Group had informed the Defendant. Nor do I consider it significant that the Giordano Group had acquired two third-party registrations of trade marks comprising GIORDANO in 2004 and 2008. These were acquired a long time before the discussions with the Defendant, and there is nothing to suggest that they were acquired in order to target the Defendant.
197. In those circumstances, I am not persuaded that Walton acted in bad faith in filing UK297. It has not been shown that it did not intend to use UK297. Nor has it been shown that it filed the application because it realised that its existing UK Trade Marks were liable to be revoked for non-use. Although the parties were in discussions with each other on 4 September 2014, the trade mark war had already started. Walton owed the Defendant no legal or moral obligation. Nor do I consider that it behaved in an underhand way.

#### Invalidity of UK297 on relative grounds

198. The Defendant also attacks the validity of UK297 on relative grounds. Specifically, the Defendant contends that, as at 4 September 2014, the use of UK297 in the UK was liable to be prevented by virtue of the law of passing off within section 5(4)(a) of the 1994 Act which gives effect to Article 5(4)(a) of the Directive.
199. It is not necessary for me to consider the law of passing off or its application to the facts of this case, because the Claimants accept that, but for one point, the Defendant would have acquired goodwill in GIORDANO in relation to clothing by 4 September 2014, and accordingly that the use of UK297 would have amounted to passing off.
200. The Claimants contend that the Defendant could not have acquired any goodwill in GIORDANO because they were infringing the other Trade Marks, and in particular UK864. This contention gave rise to some complicated arguments as to whether or not the present case could be distinguished from *Inter Lotto (UK) Ltd v Camelot Group plc* [2004] EWCA Civ 1132, [2004] RPC 9. It is not necessary for me to consider those arguments, however, because I have concluded all the other Trade Marks should be revoked for non-use. As explained below, it follows that they have not been infringed. If I am wrong in that conclusion, the *Inter Lotto* point raises a pure issue of law which the Court of Appeal will be able to decide on the basis of my findings of fact. All I would say is that, in my view, the issue is not one purely of domestic law, but also one of European law.
201. Accordingly, I conclude that UK297 is invalid on this ground.

### Infringement

202. Counsel for the Claimants sensibly concentrated on the Claimants' claim for infringement of UK864 pursuant to section 10(1) of the 1994 Act, which gives effect to Article 10(2)(a) of the Directive, by use of the sign GIORDANO in relation to mens' clothing since 25 August 2010. It is difficult to see how, if the Claimants' claim for infringement of UK864 fails, the Claimants can be in any better position with respect to their claims for infringement of the other Trade Marks.
203. The case law of the CJEU establishes that the proprietor of a trade mark can only succeed in a claim under Article 10(2)(a) of the Directive if six conditions are satisfied: (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 of the trade mark; (iv) it must be of a sign which is identical to the trade mark; (v) it must be in relation to goods or services which are identical to 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.
204. There is no dispute that, if UK864 was validly registered from 25 August 2010, then conditions (i) to (v) are satisfied in relation to that Trade Mark. The dispute is as to condition (vi). The Defendant contends that this condition is not satisfied because there has been honest concurrent use of the GIORDANO trade mark. Given that this is not a pure issue of law, I must deal with it in case I am wrong in concluding that UK864 should be revoked with effect from prior to 25 August 2010. Accordingly, I will consider it on the assumption that UK864 remains registered.

#### *The law as to honest concurrent use*

205. Condition (vi) is not one which appears on the face of Article 10(2)(a) of the Directive or Article 10(2)(a) of the Regulation. Instead, it is a condition which has been read into those provisions by the CJEU as a matter of interpretation. I reviewed the law with respect to condition (vi) in *Supreme Pet Foods Ltd v Henry Bell & Co Ltd* [2015] EWHC 256 (Ch), [2015] RPC 22 at [86]-[164], and concluded that, once the trade mark proprietor has shown that condition (v) is satisfied, the defendant bears the onus of proving that the use does not affect, nor is liable to affect, any of the functions of the trade mark. Counsel for the Defendant did not take issue with that conclusion.
206. As I noted in the course of that review at [144]-[149], in Case C-482/09 *Budějovický Budvar NP v Anheuser-Busch Inc* [2011] ECR I-8701 the Court of Justice ruled that:
- “Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of an earlier trade mark cannot obtain the cancellation of an identical later trade mark designating identical goods where there has been a long period of honest concurrent use of those two trade marks where, in circumstances such as those in the main proceedings, that use neither has nor is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods or services.”

207. It is clear that the same principle applies to infringement claims under Article 10(2)(a) of the Directive: see *Budějovický Budvar* at [67]-[70] and *IPC Media Ltd v Media 10 Ltd* [2014] EWCA Civ 1403, [2015] FSR 12.
208. In *Victoria Plum Ltd v Victorian Plumbing Ltd* [2016] EWHC 2911 (Ch), [2017] Bus LR 363 Henry Carr J considered the test for honesty in this context, and concluded at [79]:

“In my judgment, the factors which have been considered in the context of honest commercial practices in respect of the own name defence need a degree of adaptation when considering whether ‘concurrent use’ is honest. In particular: (i) The defendant has a duty to act fairly in relation to the legitimate interests of the trade mark proprietor. (ii) All circumstances must be considered when ascertaining whether or not the use by the defendant is honest, including whether the defendant can be regarded as unfairly competing with the trade mark proprietor. (iii) However, the question is not simply whether use of the sign complained of gives rise to consumer deception, as such deception may have to be tolerated. Similarly, the defendant may well be aware of the existence of such confusion, having lived with it for a considerable period. (iv) The question is whether the defendant has taken steps which exacerbate the level of confusion beyond that which is inevitable and so has encroached upon the claimant’s goodwill. (v) Whether the defendant ought to be aware that such steps will exacerbate confusion is a relevant factor.”

#### *Assessment*

209. The Claimants contend that the Defendant cannot satisfy the onus of establishing honest concurrent use for two main reasons: (i) there has been no real coexistence of the parties’ trade marks which has educated the relevant public to distinguish between them; and (ii) the Defendant’s use of the sign GIORDANO has not been honest.
210. So far as the first point is concerned, counsel for the Claimants relied on the facts that (i) although both sides had used the trade mark GIORDANO for clothing in the UK since December 2010, they had done so through different trade channels (the Claimants by online sales through their global e-shop and AliExpress store and more recently by sales in their pop-up shops, the Defendant by sales through independent menswear retailers) and (ii) the relatively small scale of both sides’ uses, and in particular the Claimants’. He argued that there was no evidence that consumers had learnt to differentiate between the two brands, and that it was inherently unlikely that they would have done. On the contrary, all of the Defendant’s trade witnesses said in their witness statements that they had never heard of the Claimants’ GIORDANO brand prior to these proceedings.
211. Furthermore, counsel for the Claimants relied upon evidence that a number of retailers of the Defendant’s clothing had copied the Claimants’ logos. The Defendant’s evidence was that the reason for this was that the persons in question had carried out internet searches, found one of the Claimants’ websites and cut-and-pasted a logo into their



materials. Similarly, one of the Defendant's retailers, Tim Garner Ltd trading as Claytons, had advertised the Defendant's clothing on its website with a description referring to the Claimants' GIORDANO brand: "Giordano International was founded in Hong Kong in 1981 and is now one of the world's leading international retailers...". As Mr Loynd pointed out, the text in question had been copied from one of the Giordano Group's websites. It is likely that the explanation is the same. Finally, even Mr Donga had exhibited to his witness statement for the IPO Applications an extract from the Coes website which included a copy of one of the Claimants' logos without noticing that. Counsel for the Claimants submitted that what this evidence showed was confusion, or at least the likelihood of confusion, between the respective trade marks.

212. I do not accept this argument. It is not a requirement of the doctrine of honest concurrent use that the relevant public has learnt to distinguish between the two trade marks. On the contrary, as Kitchin LJ explained in *IPC v Media 10*:

"49. ... the Court has not ruled that honest concurrent use cannot avail a trader if the impugned use is liable to cause some confusion. Indeed, this court was required to consider that very question in deciding the ultimate outcome of that case, for Anheuser-Busch argued that, in the light of the guidance given by the Court, the doctrine could only apply where the level of confusion was *de minimis*. It continued that if there was a level of confusion above that, then the essential function of the trade mark relied upon would be impaired and a case of permissible honest concurrent use would not be made out.

50. This court rejected that submission. Sir Robin Jacob (with whom Ward LJ and Warren J agreed) put it this way ([2013] R.P.C. 12):

'20. I do not accept that. The Court could have said just that but did not. The rather self evident point as to the effect of a long period of honest concurrent use was clearly laid before the Court when I summarised Mr Mellor's submission:

'Mr Mellor suggests that the Court might recognise a further exception in the case of long established honest concurrent use. For in such a case the guarantee of origin of the mark is not impaired by the use of the mark by each party. Once such concurrent use is established the mark does not solely indicate the goods of just one of the users. It means one or the other. Hence there is no impairment of the guarantee and, if impairment is the touchstone of art.4(1), no infraction of it.'

21. The Court did not rule that only *de minimis* levels of confusion are acceptable when there is honest concurrent use. Nor did the Court rule that the inevitable

confusion in a same mark/same goods case is enough to take a case out of acceptable concurrent use. Yet that is what Mr Bloch's submissions involve.

22. More fundamentally, Mr Bloch's submissions involve the unstated premise that even where there is long established honest concurrent use the mark of one party must provide a guarantee of origin in that party and not the other. That is quite unrealistic. Here for instance, Budweiser has *never* denoted AB's beer alone.

23. So I do not think that there is any impairment of the guarantee of origin – of either side's mark. The guarantee is different given a situation of long established honest concurrent use."

51. I respectfully agree that there may well be more than *de minimis* confusion in a case of honest concurrent use. No doubt many consumers will recognise that the marks are used by different businesses, but others will not. In other words, once honest concurrent use is established, the mark does not solely indicate the goods or services of just one of the users. As Sir Robin Jacob explained, in such a case the guarantee given by the mark is different."

213. Turning to the second point, counsel for the Claimants submitted that the Defendant had not discharged its duty to act fairly in relation to the legitimate interests of the trade mark proprietor. He argued that, even if the Defendant had not known of UK864 until relatively recently (as I find it did not), the Defendant ought to have carried out a search of the UK trade mark register before marketing its goods here.

214. I do not accept this argument for a number of reasons. First, if a mere failure to carry out a search was sufficient to deprive a defendant of an honest concurrent use defence, that would mean that it was very rarely available. Secondly, counsel for the Claimants did not say what the Defendant was supposed to have done if it had carried out a search and found UK864. The logic of the argument appears to be that it should have applied for revocation prior to marketing its goods. But I do not see why a defendant should be under a duty to make such an application prior to marketing. Thirdly, the argument is inconsistent with Henry Carr J's analysis of the law in *Victoria Plum*. As he held, the key question is whether the Defendant has taken steps which exacerbate the level of confusion beyond that which is inevitable and so has encroached upon the Claimants' goodwill.

215. Although I have not accepted the Claimants' main arguments, it remains necessary to stand back and consider whether the Defendant has discharged the onus of establishing that, as a result of its honest concurrent use, its use of the sign GIORDANO neither has had, nor is liable to have, an adverse effect on any of the functions of UK864. It is only necessary to consider the essential function of denoting origin, since counsel for the Claimants did not suggest that there could be any effect on any other function. In my judgment, the Defendant has discharged the onus upon it for the following reasons. The Defendant's use commenced in January 2001, and has been continuous since then. The

Defendant's turnover in the UK has steadily grown as a result of organic growth in the business. As explained above, the Defendant's use has been honest, because it has done nothing to increase the likelihood of confusion occurring. Although the Claimants have been making online sales to UK consumers since December 2010, there is no evidence of any consumer confusion as a result. It is tolerably clear that the main reason for this is that the Claimants' UK customers are almost exclusively people who encountered the GIORDANO brand outside the UK. Other contributing factors may be the facts that the Defendant only sells menswear and that its goods are more stylish and higher priced. Although it is inherently probable that, if the Claimants were to expand their use of UK864, in particular by selling their clothes through bricks-and-mortar retail outlets on a larger scale than the pop-up shops, there would be some consumer confusion, that would not be the Defendant's fault. That would be no more than the inevitable consequence of the Claimants having allowed the Defendant to build up a substantial trade under the GIORDANO trade mark over many years.

216. Accordingly, I would if necessary hold that the Defendant had not infringed UK864. It would follow that they had not infringed any of the other Trade Marks either.

The Defendant's counterclaim for passing off

217. Given my conclusion that the Giordano Group's sales of clothing to UK consumers via the global e-shop and the AliExpress store targeted the UK, it follows that the relevant date for assessment is December 2010. (It would not make any difference to liability, as opposed to quantum, if the relevant date were April 2016, however.) Strictly speaking, a different company in the Giordano Group must have been responsible for those sales (Giordano UK did not even exist in December 2010); but as I understand it, the Claimants accept liability for any passing off. The position in relation to the counterclaim mirrors the position in relation to the relative grounds attack on the validity of UK297: subject to the *Inter Lotto* point, the Claimants accept that the Defendant would have acquired goodwill in GIORDANO in relation to clothing by December 2010, and accordingly that their use of GIORDANO in relation to clothing amounted to passing off. Again, in the light of my conclusions on revocation, the *Inter Lotto* point does not arise.

Summary of principal conclusions

218. For the reasons given above, I conclude that:
- i) all of the Trade Marks except for UK297 must be revoked with effect from five years after their respective registration dates;
  - ii) UK297 is not invalid on the ground that the application was made in bad faith, but it is invalid on relative grounds;
  - iii) it follows that the Defendant has not infringed any of the Trade Marks; and
  - iv) it also follows that the Claimants are liable for passing off since December 2010.

