



Neutral Citation Number: [2019] EWHC 1872 (Ch)

Case No: IL-2019-000115

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

The Rolls Building
7 Rolls Buildings
Fetter Lane
London EC4A 1NL

Date: Wednesday, 17th July 2019

Before:

MS. PAT TREACY
(SITTING AS A DEPUTY JUDGE OF THE HIGH COURT)

Between:

- (1) LIFESTYLE EQUITIES C.V.
(2) LIFESTYLE LICENSING B.V.
(both companies incorporated under the laws of the
Netherlands)
- and -
(1) ROYAL COUNTY OF BERKSHIRE POLO CLUB
LTD
(2) GRETA MAE MORRISON
(3) JAMES TARA MORRISON
(4) THE PARTNERSHIP (LICENSING) LIMITED
(5) JONATHAN ERIC BOWER TOWNSEND
(6) MAYS ZONA LIBRE S.A.
(a company incorporated in Panama)
(7) EMPRESAS LA POLAR S.A.
(a company incorporated in Chile)
(8) EMPRESAS HITES S.A.
(a company incorporated in Chile)
(9) TIENDAS PERUANAS S.A.
(a company incorporated in Peru)
(10) SEARS OPERADORA MEXICO, SA DE CV
(a company incorporated in Mexico)
(11) ABDUL GHANI MAMOUN TR LLC
(a company incorporated in the UAE)

Claimants

Defendants

MR. MICHAEL EDENBOROUGH QC and **MR. THOMAS ELIAS** (instructed by **Brandsmiths**) appeared for the **Claimants**.

MR. MICHAEL SILVERLEAF QC (instructed by **Gateley Plc**) appeared for the **Fourth and Fifth Defendants**.

Hearing date: 22nd May 2019

APPROVED JUDGMENT

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

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DEPUTY JUDGE TREACY

DEPUTY JUDGE TREACY:

Introduction

1. Mr. Edenborough QC and Mr. Elias appear for the Claimants. Mr. Silverleaf QC appears for the Fourth and Fifth Defendants. The Claimants seek to strike out or be granted summary judgment in respect of various parts of the Defence and Counterclaim of the Fourth and Fifth Defendants. Those Defendants resist the application. Both parties have submitted that at least some of the criticisms of the Defence can be addressed if necessary by amendment and/or the provision of further particulars. Both the background and the current state of the action are complex, so I summarise these briefly below, before turning to the specific subject matter of the application and of this judgment.

Overview of dispute

2. The application before me, and this judgment, relate to one aspect of a complex dispute. That dispute involves a claim that a number of Royal County of Berkshire Polo Club Limited (“**RCB**”) logos or insignia belonging to, licensed to or used by the various defendants infringe a number of trade mark registrations owned by the Claimants. In all cases, the logos contain a depiction of a polo rider on a horse. The Claimants assert that the RCB logos infringe because they are so similar to the Claimants’ logos that there is a likelihood of confusion on the part of the public. Multiple defences are being run by the various defendants.
3. For the purposes of this judgment, the relevant defendants’ primary defence is that the RCB logos are not sufficiently similar to those of the Claimants as to be likely to deceive or cause confusion on the part of the public. That primary defence is supplemented by subsidiary defences of non-infringement and by a counterclaim for invalidity.
4. The Claimants license the use of their logo (below) to third parties who place the logo on fashion and leisure clothing.



5. The proceedings involve a complex series of allegations about, among other things, trade mark infringement (in a number of jurisdictions) and conspiracy to injure by unlawful means. The Claimants rely on registered marks in the UK and EU (“**the UK and EU marks**”) as well as on registrations in countries including Panama, Chile, Peru, Mexico and the UAE.
6. Given the number of defendants, it is worth briefly setting out a ‘who’s who’ of participants in the litigation. Although the defendants affected by this particular application are only two of the numerous defendants, the complexity and likely duration of the overall dispute is part of the context of the application. A more detailed description of the various defendants and of the claim can be found in the Judgment of Morgan J [2018] EWHC 3552 (Ch) at paragraphs 8 to 25.
7. The First Defendant is RCB. It has for some time used on its goods and merchandising a logo comprising a depiction of a polo player on a horse accompanied by the words Royal County of Berkshire Polo Club in some form. The precise form of the RCB logo is not particularly relevant to the current application but, to the extent that it is relevant, the five forms in which it is asserted that it has been used are set out below:



Sign 1
(Sign 2 is this
without words)



Sign 3



Sign 4



Sign 5

8. It was submitted by Mr. Silverleaf that the logo without the words (i.e. Sign 2) has never been used.
9. The First Defendant was founded in 1985 by Mr. Brian Morrison (now deceased). The Second Defendant was the widow of Mr. Morrison (also now deceased) and the Third Defendant is the current chairman of Royal County of Berkshire Polo Club Limited. The Claimants' Statements of Case refer to the First to Third Defendants collectively as the "**RCB Defendants**" and this judgment adopts that usage for the sake of convenience, where necessary, as it does for the other definitions below.
10. The Fourth Defendant is The Partnership (Licensing) Limited and the Fifth Defendant (Mr. Jonathan Townsend) has at all material times been the sole director of the Fourth Defendant. These are the relevant defendants for this application. The Fourth and Fifth defendants have accepted that they are jointly and severally liable for each other's acts and are referred to by the Claimants in their Statements of Case as the "**TPL Defendants**".
11. It became apparent during the course of the hearing that the TPL Defendants were the First Defendant's licensing agent but the agency agreement under which they acted ended in November 2018. The TPL Defendants therefore have no continuing connection with the underlying matters in dispute.
12. The remaining defendants are retailers selling goods bearing the RCB logo in various jurisdictions. During the hearing, Counsel for the Claimants explained that the procedural situation in respect of the various overseas defendants is complex. The Sixth, Eighth and Tenth Defendants have been served but have neither filed acknowledgments of service nor challenged the jurisdiction of the Court. The Seventh Defendant has filed an acknowledgment of service and has indicated that it intends to challenge the jurisdiction of the Court, although the application is still pending. The Ninth Defendant is contesting whether it has been properly served and the Eleventh Defendant has not yet been served owing to difficulties in effecting service in the UAE. I refer to the Sixth to the Eleventh Defendants collectively as the "**Overseas Defendants**" below.

13. Some steps have already been taken in the action beyond the initial skirmishing with the Overseas Defendants. In particular, on 11 and 12 December 2018, Morgan J heard two applications:

13.1 An application by the RCB Defendants:

- (i) to strike out or stay the Claimants' claims against the Overseas Defendants, and the claims of joint liability of the RCB and TPL Defendants for the acts of the Overseas Defendants;
- (ii) to strike out the Claimants' claims for conspiracy to injure; and

13.2 An application by the Claimants to strike out parts of the RCB Defendants' Defence and Counterclaim, relating to:

- (i) allegations that the Claimants' marks were invalid because deceptive;
- (ii) allegations relating to threats and abuse of process.

14. In a Judgment dated 14 December 2018 and subsequent order dated 25 February 2019, Morgan J:

14.1 refused to strike out or stay the Claimants' claims against the Overseas Defendants and connected claims of joint liability against the RCB and TPL Defendants;

14.2 gave permission to the Claimants to amend their claim for unlawful means conspiracy to cure the defect identified; and

14.3 struck out parts of the Defence and Counterclaim relating to the alleged invalidity of the Claimants' marks on the grounds that they were deceptive.

As a result of that Judgment, the pleadings have changed significantly from those originally served:

- (i) the Claimants filed an Amended Particulars of Claim including amendments in relation to the claim for unlawful means conspiracy; and

- (ii) the RCB Defendants filed an Amended Defence and Counterclaim, responding to the allegations relating to the infringement of foreign trade marks which had not originally been pleaded to pending the strike out application.

This Application

15. The Claimants have now applied to strike out part of the TPL Defendants' Defence and Counterclaim under CPR Rule 3.4 (2)(a) or, alternatively, sought summary judgment of the same parts of the Defence and Counterclaim under CPR Rule 24.2.
16. The following parts of the Defence and Counterclaim have been put in issue:
 - 16.1 Paragraphs 6(b)-(n), 18 and 27 of the Defence, and the Counterclaim, relating, in very broad terms, to the infringement and validity of the Claimants' trade marks. As the Claimants made clear during the hearing that the principal (though not the only) objection to these parts of the pleadings was in relation to the validity attack, these issues are referred to collectively in this judgment as the "**Validity Issues**". As will become apparent, the non-infringement and invalidity defences are intertwined;
 - 16.2 Paragraphs 3, 7 (final sentence only), 9, 11, 14, 17 and 19 because the TPL Defendants have failed to plead to allegations relating to infringement of foreign trade marks ("**Foreign Infringement Issue**"); and
 - 16.3 Paragraph 20 relating to the allegation of unlawful means conspiracy ("**Conspiracy Issue**").
17. The Claimants relied on the witness statement of Mr. Andrew Lee of the Claimants' solicitors and the Defendants on that of Mr. Jonathan Townsend, the Fifth Defendant.
18. In the run up to the hearing, there was a dispute about the admissibility of the TPL Defendants' evidence for the hearing. During the hearing it was accepted that, to the extent that there was an issue, it was a matter for costs and could be dealt with later.
19. As far as the substantive matters are concerned (the Conspiracy Issue; the Foreign Infringement Issue; and the Validity Issue), Mr. Edenborough, Counsel for the Claimants, noted that the TPL Defendants need to plead to the Foreign Infringement

Issue and to the Conspiracy Issue following the Judgment of Morgan J and the various consequential amendments. This was common ground between the parties, and so I say nothing further about either the Conspiracy or the Foreign Infringement Issue. The pleadings will need to be amended, and the costs consequences of that will need to be dealt with in due course.

20. The majority of the time during the hearing was devoted to the TPL Defendants' pleadings at paragraphs 6 and 18 of the Defence and Counterclaim that the Claimants' marks are not infringed and/or that they are invalid.
21. The ways in which Counsel for the parties approached paragraphs 6 and 18 in their Skeleton Arguments, and to some extent during the hearing itself, were different to such an extent that the well-worn phrase "two ships passing" sprang to mind. During the course of the hearing, Mr. Edenborough submitted that the Claimants' focus in attacking the TPL Defendants' pleading was to remove the challenge to the validity of the Claimants' trade marks in paragraphs 6(l)-(n) and 18 of the Defence and Counterclaim.
22. Notwithstanding the focus of their oral submissions, the Claimants devoted significant portions of their Skeleton Argument to contending that some of the TPL Defendants' pleadings on non-infringement were sufficiently weak as to be unarguable as a matter of law and therefore strikeable, although it was accepted that pleading amendments or the provision of further particulars would be sufficient to deal with some of the criticisms. The Claimants' goal in bringing the application was said to be both to remove the Counterclaim for a declaration of invalidity and to clarify and focus the non-infringement arguments:

"... we want to get rid of the counterclaim and introduce some focus and clarity with respect to the various contentions on non-infringement."
23. By contrast, the Skeleton Argument of Mr. Silverleaf, Counsel for the TPL Defendants, spent proportionately greater time dealing with the attack on the pleadings of non-infringement, although he also addressed the invalidity arguments, particularly dealing with them in some detail during the hearing.

24. In order to examine the arguments, it is convenient to set out the relevant parts of paragraph 6 of the TPL Defendants' Defence and Counterclaim:

“...

- (b) *Without prejudice to the foregoing plea, the Logo is or purports to be the badge, insignia or crest of an established polo club. It is applied to goods so as to appear to the public to be precisely that rather than primarily a badge of trade origin. Accordingly it is likely to be so perceived by reasonably observant and reasonably well informed members of the public.*
- (c) *In the premises evidence of use of the Logo as such a badge, insignia or crest, however extensive, does not without more serve to establish a trade reputation or goodwill amongst members of the consuming public.*
- (d) *None of the facts and matters pleaded in these paragraphs goes further than demonstrating a degree of use of the Logo as such a badge, insignia or crest. In the premises, it is denied that the Logo has acquired a reputation or goodwill as a badge of trade origin or that the pleaded allegations provide a basis for such a conclusion.*
- (e) *Paragraph 26 is noted. If and to the extent that the claimants intend to assert that the effect of the use of the Logo is to create a reputation and goodwill as a unique badge of trade origin, then it is incumbent upon them to plead the facts (beyond the simple fact of use) that they propose to establish by such evidence and the basis upon which it be alleged that such facts lead to the conclusion alleged so that the defendants know the case they have to meet and can address that case. In the absence of such a plea, then such allegations form no part of the claimants' case and accordingly may not be relied upon by the claimants in support thereof.*
- (f) *In the premises each and every allegation in paragraph 27 is denied.*

- (g) *Without prejudice to the foregoing denial the Logo identifies itself to such members of the public as being associated with the BEVERLY HILLS POLO CLUB which words will be read and understood thereby as relating to that specific club and that club alone.*
- (h) *There has been extensive marketing by organisations and businesses unconnected with the claimants of clothing and other personal merchandise bearing the logos of polo clubs or associations in many countries of the world including across the EU. Examples of such use are Polo by Ralph Lauren, The US Polo Association, Greenwich Polo Club, Santa Barbara Polo & Racquet Club, all of which originate in the United States of America and are merchandised there and elsewhere, Buckingham Polo Club, which originates in America and is merchandised there and elsewhere, La Martina, which originates in Argentina and is merchandised there and elsewhere and Frank Ferry Polo Club, which originates in France and is merchandised [sic] there and elsewhere. Examples of the form of merchandising showing the logos of the foregoing organisations are shown in Annex A hereto. The TPL Defendants will provide evidence of further usage of similar logos by other organisations in evidence together with an indication of the nature and extent of the user thereof.*
- (i) *In the premises reasonably well informed and reasonably observant consumers have to identify and distinguish between such goods by reference to the names forming part of the logos applied thereto and accordingly must recognise that there is a welter of polo clubs, associations and other organisations which use logos comprising their name and a depiction in some form of a polo player on a horse.*
- (j) *Consequently, no reasonably observant and reasonably well informed consumer could mistake the badge of another polo club or association for the Logo unless the names of the two clubs are confusingly similar.*

- (k) *In the premises, to the extent that the Logo is seen as a badge of trade origin that trade origin is the BEVERLY HILLS POLO CLUB and any goodwill therein is associated with that name and none other.*
- (l) *Alternatively, if and to the extent that reasonably observant and reasonably well informed consumers fail to distinguish between the Logo and the signs used by competing traders comprising a name and a depiction in some form of a polo player on a horse, the Logo is not a unique badge of origin associated with the claimants and is not capable of distinguishing the goods of the claimants from the goods of those other traders.*
- (m) *In the premises, the EUTMs and the UK Mark (together the “Claimant’s Registrations”) are liable to be declared invalid as not meeting the requirements of Article 4(a) of the Regulation or section 1(1) of the Act.*
- (n) *In the further alternative, if and to the extent that the Claimant’s Registrations are validly registered, then any confusion between the Logo and signs or logos used by other traders comprising a polo club name and a depiction in some form of a polo player on a horse falls to be disregarded as not being liable to have an adverse impact on the origin function of the Claimant’s Registrations.”*

25. The Claimants also attacked paragraph 18 of the TPL Defendants’ Defence and Counterclaim, which reads:

“For the reasons set out in paragraph 6 above, such similarity as there may be between the Logo and the Signs is not such as to lead to a likelihood of confusion on the part of the public and/or the making of a link detrimental to the Claimant’s Registrations). Further, insofar as the Claimant’s Registrations are valid, the use of the Signs is not liable to have an adverse effect on the function thereof as a trade mark even if there is a likelihood of confusion (which is denied) and accordingly such use is not an infringement of the Claimant’s Registrations. The TPL Defendants adopt and rely upon the facts and matters set out in paragraphs 29 to 37 of the RCB Defendants’

Defence. In addition to the ground of invalidity referred to in paragraph 36 thereof, Claimant's Registrations are invalid and consequently not infringed for the reason set out in paragraphs 6(1) and 6(m) above. In the premises each and every allegation in paragraphs 60 to 68 is denied."

26. The Counterclaim is at paragraphs 27 and 28. It repeats paragraphs 6(1)-(n) and 18, counterclaiming for a declaration of invalidity of the Claimants' marks.

Summary of arguments

27. Mr. Edenborough heavily criticised the invalidity pleading, characterising it as '*fanciful*' and therefore subject to summary judgment. Various aspects of the TPL Defendants' pleadings on infringement were also criticised by Mr. Edenborough, as being (at least in part) so bad as to be strikeable.
28. Mr. Silverleaf submitted that to strike out any of the infringement pleadings at this stage would be premature, not least in the light of the facts: that many of the pleaded issues require evidence and detailed factual analysis; that there are less draconian alternatives to deal with any lack of clarity, such as the provision of further particulars or further information; and that the case is at an early stage with a number of other procedural steps to be taken before it can move towards trial, including considerable further amendments to the pleadings in any event.
29. Mr. Silverleaf also argued forcefully that the request for summary judgment was misplaced because the Counterclaim involved a difficult point of law, which would depend on the facts as found at trial, and which might require a reference to the CJEU.

The legal test

30. CPR 3.4 (2)(a) enables the Court to strike out the whole or part of a statement of case which discloses no reasonable grounds for defending a claim. In particular, a defence may fall to be struck out pursuant to CPR 3.4 (2)(a) where it consists of a bare denial or otherwise sets out no coherent statement of facts; or where the facts it sets out, while coherent would not, even if true, amount in law to a defence. Rule 24.2 empowers the Court to give summary judgment against a party which has no real prospects of succeeding on its claim or defence.

31. I have had in mind the test for summary judgment and the relevant guidance relating to both CPR 3.4 and CPR 24.2 as summarised in the Claimants' Skeleton Argument:

“(1) The court must consider whether the case of the respondent to the application has a realistic as opposed to fanciful prospect of success—in this context, a realistic claim is one that carries some degree of conviction and is more than “merely arguable”.

(2) The court must not conduct a “mini-trial” and should avoid being drawn into an attempt to resolve conflicts of fact which are normally resolved by the trial process.

(3) If the application gives rise to a short point of law or construction then, if the court is satisfied that it has before it all the evidence necessary for the proper determination of the question and that the parties have had an adequate opportunity to address it in argument, it should “grasp the nettle and decide it”.”

Global Asset Capital Inc v Aabar Block Sarl [2017] EWCA Civ 37, [2017] 4 WLR 163 [at 27], Hamblen LJ (with whom McFarlane LJ agreed).

32. Against that background, I propose to deal first, and briefly, with the various attacks on the TPL Defendants' pleadings of infringement and then turn to the substantive point in relation to the invalidity defence and counterclaim.

The Claimants' arguments on paragraphs 6(b)-(k)

33. The Claimants attacked the specific pleadings in paragraphs 6(b)-(d) and (f) on the basis that it was hopeless to contend that no goodwill, reputation or enhanced distinctive character could accrue to the Claimants' marks simply because the logo was a sign denoting a particular club. Mr. Edenborough submitted that there was nothing inherent in such signs rendering them unsuitable as indicators of trade origin, referring to *Arsenal v Reed* [2006] Ch 454. He also noted that the TPL Defendants appeared to accept that the sign had a role as a badge of origin and therefore it could not realistically be contended that no reputation attached to it. The Claimants submitted that paragraphs 6(b), (c), (d) and (f) should therefore all be struck out.

34. Paragraph 6(e) was attacked on a different basis, namely that it was misconceived because it appeared to suggest that the Claimants had not sufficiently pleaded the facts to establish reputation and goodwill, when this was not required in a pleading.
35. Paragraphs 6(g)-(k) were attacked on the basis that they appeared to allege that the figurative element of the logo should be disregarded. It was submitted both in the Skeleton Argument of Mr. Edenborough and during the hearing that the paragraph in question was not clear and that, in any event, particular aspects of the paragraph were incorrect as a matter of law. For example, it was submitted that it was erroneous for paragraph 6(g) to plead that the logo identified the articles to which it was affixed as being associated with the Beverly Hills Polo Club, noting that, just because a trade mark bears the name of one person, it is not deceptive or misleading if subsequently assigned: logos using a name do not necessarily mean that they are associated with a particular person or entity bearing that name. The Claimants relied on the Judgment of Morgan J dated 14 December 2018 at paragraph 120, in which Morgan J had held clearly that the mark was not deceptive.
36. Paragraph 6(h) (supported by Annex A) was attacked on the basis that it was irrelevant. In the light of his earlier submissions that consumers have to identify and distinguish between goods bearing polo style logos by reference to the names and other associations related to the particular sign of a polo player on a horse, it was submitted by Mr. Edenborough that, as a matter of law, it could not be right that the figurative element of the logo could be disregarded.
37. Paragraphs (j)-(k) were attacked on the same basis, namely that the TPL Defendants were suggesting that confusion would not be possible unless the names of two clubs in relation to a mark using figurative elements were wholly disregarded. It was argued that such a proposition was not permissible as a matter of law. The Claimants therefore argued that all parts of the Defence between paragraphs 6(b)-(k) should be struck out.
38. During the hearing there was some lack of clarity as to the vigour with which this part of the strike out application was being pursued.

The arguments of the Defendants on paragraphs 6(b)-(k)

39. The TPL Defendants argued that the technical analysis of the particular individual paragraphs of the Defendants' pleading undertaken by the Claimants suggested that those paragraphs had not been properly understood by the Claimants in the overall context of the Defence as a whole. Mr. Silverleaf explained the underlying structure of the Defence. He also submitted that, given the need for a number of pleading amendments in any event, consequent on the Judgment of Morgan J of December last year, any technical criticisms of the details of the pleading could be dealt with through amendment. If there were instances in which further clarification or information were required, Mr. Silverleaf noted that there would be ample opportunity for that too to occur, while expressing the hope that the explanations provided both before and during the hearing would reduce the need for any subsequent pleading amendments or particularisation.
40. The TPL Defendants' position was that: the pleading is clear if read as a whole in its overall context; the infringement defence is not unarguable in law; and finally, it is impossible for the Court to decide on a summary basis that the case on infringement is unarguable because evidence would be required to understand all the relevant circumstances.
41. Mr. Silverleaf argued that to reach a conclusion on the TPL Defendants' main defence that the two parties' brands are distinct, and not confusing to the average consumer, would require the Court to decide what impact logos such as those of the Claimants' and the TPL Defendants' have on the mind of the purchasing public (the "average consumer"). That being so, paragraphs 6(b)-(k) set out the relevant factual basis for that defence. Mr. Silverleaf argued that they were structured as they were to ensure that all relevant facts going to the issue of confusing similarity would be before the Court at trial. In summary, it was submitted that a large part of the difficulties perceived by the Claimants in paragraphs 6(b)-(k) of the Defence resulted from a failure to consider all the points made in that paragraph as part of an overall structure, together leading to certain potential legal conclusions, some of which were in the alternative.

42. I need say relatively little at this point about the nature of the marks asserted (briefly described above at paragraphs 4 and 7). This was discussed at some (modest) length both in the Skeleton Arguments and during the hearing. It will doubtless be discussed at significantly greater length at trial as it is important to some of the non-infringement defences as well as to the invalidity counterclaim. The principal points made on behalf of the TPL Defendants were:
- the marks at issue consist of a logo or crest including a figurative element and some descriptive words, linking that crest to a particular organisation;
 - the logo or crest taken as a whole, and not their constituent parts, may be capable of serving as a badge of origin;
 - the marks are descriptive of a polo or polo club themed message, and transmit that message about goods to which they are applied;
 - that theme or message is a lifestyle statement;
 - in the context of leisure wear, there may be some to whom the precise trade origin of the goods bearing the logo does not matter, and there may be some to whom the identity of the entity linked to the logo will matter.
43. Along with evidence of confusion (or lack of confusion) these will be issues to be explored at trial. Mr. Silverleaf reiterated that paragraphs 6(b)-(k) of the Defence were intended to draw out all the relevant factual elements to support the primary contentions on confusing similarity and the alternative potential legal conclusions which would be dealt with at trial, depending on the facts as found.
44. Mr. Silverleaf dealt in turn with each of the paragraphs or groups of paragraphs attacked by the Claimants.
45. He explained that paragraph 6(b) seeks to establish that the logo represents a particular polo club badge and that it will be necessary to show trade reputational goodwill in that badge, as pleaded in paragraph 6(c). To do so will require facts, as pleaded in paragraphs 6(d)-(e). Paragraph 6(f) follows from those paragraphs and either stands or falls with those.

46. The Claimants' attack on paragraph 6(g) is said to be based on a misunderstanding. Mr. Silverleaf explained that the purpose of the paragraph is to put in issue the specific understanding of the public when considering brands, marks or logos of the type in question. It was submitted that nothing in these paragraphs is intended to suggest that any part of the logo should be disregarded; as mentioned specifically in the Skeleton Argument of the TPL Defendants, the logo or crest should be taken as a whole. Mr. Silverleaf further submitted that the pleading has nothing to do with the separate issue of deception dealt with by the Judgment of Morgan J, but rather goes to an argument that an important aspect of the logo is the surrounding text, and that this point is further developed in the following paragraphs of the pleading.
47. Mr. Silverleaf argued strongly that paragraph 6(h), for example, was far from irrelevant, as it pleads that there are many polo clubs and much polo branded merchandise, often using combinations of words and depictions of polo players. This initial factual pleading is the basis for the following paragraphs and will be supported by evidence at trial.
48. Paragraphs 6(i)-(j) are submitted to go to the point that both the words and the pictures matter when consumers are engaging with logos of the sort in issue and, particularly, in markets where there are numerous products and logos comprising both the depiction of a polo player on a horse and the use of names of organisations. Paragraph 6(k) is then said to be the ultimate conclusion of the reasoning which has gone before; that the name is important because without that name there will be no confusion, as the goodwill that attaches to the Claimants is goodwill associated with their logo including the name.
49. When discussing the pleadings in paragraphs 6(i), (j) and (k) together, Mr. Silverleaf accepted that differences between the figurative elements of two logos might assist consumers in distinguishing between the goods of different traders. However, for reasonably observant, reasonably well-informed consumers, the name would be very important, and "*the primary mechanism*" in making that distinction. He submitted that it was possible that the figurative element would provide thematic support which might, in the ultimate analysis, be relatively unimportant for those to whom the identity of the particular club matters. In those circumstances, evidence as to the actual perceptions of consumers would be important at trial in establishing how the

Claimants' logos operated in practice and whether other logos, having a similar configuration, were regarded as confusing by consumers.

50. Mr. Silverleaf spent some time discussing a decision of the EU IPO Opposition Division (Opposition number B2 097 114 of 13 January 2014) to illustrate that the arguments pleaded were neither fanciful nor incoherent in setting out the basis for a defence of non-infringement because the Claimants' marks at issue were not confusingly similar. That case involved one of the marks at issue in this dispute and sign 1 (as illustrated in paragraph 4 above).
51. Mr. Silverleaf did not suggest that any binding effect arose from the unappealed decision. He did, however, point out the similarity between the approach of the EU IPO and the pleading of the TPL Defendants. He submitted that it was therefore very difficult to see that the approach adopted in the Defence could reasonably be said to be unarguable. The basic structural soundness of the Defence, as thus established, was argued to mean that the fate of the Defence (and indeed of the Counterclaim) would depend on the facts and on the legal conclusions to be drawn from those facts so that to strike out the pleading now would be premature and wrong.

Assessment – paragraphs 6(b)-(k)

52. Having considered the submissions of the parties on sub-paragraphs 6(b)-(k) of the Defence, and having had regard to the clear exposition by Mr. Silverleaf of the underlying rationale for the pleading, I do not consider that any of those paragraphs should be struck out as the test in CPR 3.4 (2)(a) has not been met.
53. Mr. Edenborough appeared to accept during the hearing that some of his concerns about these parts of the pleadings could be addressed through amendment or the provision of further information and that certain points had been clarified during Mr. Silverleaf's oral submissions. That is an issue on which further submissions may well be necessary, now that the parties have had time to reflect on what was said during the hearing. The next steps on this issue will be a matter for the Final Order.
54. That then leads to paragraphs 6(l)-(n), the pleading of non-infringement and to the Counterclaim.

The Claimants' arguments on paragraphs 6(l)-(n), 18 and 27

55. Mr. Edenborough attacks paragraph 6(l) on the basis that the previous paragraphs do not disclose a factual basis for the pleading in (l) and it therefore is inevitably doomed to fail and must be struck out. Given my conclusions at paragraph 52 above, this attack cannot succeed.
56. As set out above, paragraph 6(m) reads: “*In the premises, the EUTMs and the UK Mark (together the “Claimant’s Registrations”) are liable to be declared invalid as not meeting the requirements of Article 4(a) of the Regulation or section 1(1) of the Act.*” Mr. Edenborough submits that pleading is simply fanciful because if the Claimants’ trade marks can be impugned on that basis, then all such marks are equally vulnerable. Mr. Edenborough argues that the unrealistic nature of the pleading, which can have no real prospect of succeeding at trial, is demonstrated by the fact that no such argument has been raised or decided previously, notwithstanding the fact that the Claimants’ marks have been registered in many jurisdictions as explained in the Witness Statement of Mr. Lee, and, indeed, previously have been the subject of litigation with some degree of success in some jurisdictions, including at least two previous actions in this jurisdiction: *Lifestyle Equities and Lifestyle Licensing v Santa Monica Polo Club* [2017] EWHC 3313 (Ch); *Lifestyle Equities CV v Sportsdirect.com Retail Limited* [2018] ETMR 25. This is said to demonstrate that such an absolute attack on the validity of the marks is without merit, unsustainable and that any pleading of non-infringement on that basis should be struck out.
57. Paragraph 6(n) was argued by the Claimants to be unsustainable on the basis that it was not sufficiently particularised. Mr. Edenborough characterised this paragraph as failing to grapple with the reality that, on its face, where there is confusion as to whether the goods marked with a logo are those of (or connected with) the claimant trade mark owner or of someone else, then damage to the “origin function” of the mark will follow. It was submitted that there is only a narrow exception to this position, where honest concurrent use can be shown, as was the case in *Budějovický Budvar národní podnik v Anheuser-Busch Inc* (C-482/09) [2012] ETMR 2. Mr. Edenborough argued forcefully that in the absence of a specific pleading of honest concurrent use, or of any particulars of such use, the pleading was doomed to

fail. He did accept, however, that a pleading of that nature might be sustainable if further particularised and supported by evidence.

58. Mr. Edenborough also attacked paragraphs 18 and 27 on various bases, largely contingent on what had been said earlier about paragraphs 6(l)-(n).

The Defendants' arguments on paragraphs 6(l)-(n), 18 and 27

59. Mr. Silverleaf defended this part of the pleading on the basis that he has alternative arguments which he wishes to be able to put before the trial judge, depending on the evidence ultimately before the Court and that there are not sufficient grounds for the Court to preclude him from doing so. The alternatives are:

- First, that consumers looking at the marks as a whole are not confused, therefore there is no evidence of confusing similarity and no infringement;
- Secondly, if the evidence shows that there is confusion, then either:
 - that confusion occurs because those who are confused do not particularly care about the origin of the products they are purchasing, in which case the confusion has no impact on them, does not impair the origin function of the mark and there is therefore no infringement; or
 - the marks really do fail to distinguish origin and do not function properly as badges of origin, in which case they are invalid.

60. Against that background, Mr. Silverleaf addressed Mr. Edenborough's arguments on invalidity in some detail, while also placing them in the context of the overall structure of the pleading and the non-infringement arguments. He first drew attention to the differences between the allegedly infringing logos and those of the Claimants, both as to the figurative elements and also in the use of clearly different names. From that he drew the proposition that, in effect, the Claimants' position must be that any logo containing the image of a horse and a polo player combined with the name of a polo club is confusingly similar to that of the Claimants, noting that the Claimants had already attacked both the registration and use of various marks comprising those elements.

61. It was submitted as following that, in a market where many such marks co-exist, while differing in both the configuration of the figurative element and in the names which form part of these marks, it must be the case that those differences distinguish the trade origin of the various branded products or the markets simply would not work. That being so, it was argued there can be no confusing similarity and no infringement.
62. If that is not the case, and the Claimants' arguments on confusing similarity succeed, it was said that two possibilities would arise: either those purchasing goods bearing such logos do not care about the precise provenance of the goods because their main concern is the overall 'theme' of the merchandise arising from a depiction of a polo player allied to a club; or, alternatively, some members of the public do care about provenance (and for them the name and depiction is significant) while others do not.
63. Given those factual premises (which would necessarily be the subject of evidence at trial), Mr. Silverleaf submitted that there are essentially two potential legal outcomes, both of which are pleaded in the Defence and Counterclaim of the TPL Defendants.
64. Mr. Silverleaf submitted that as the TPL Defendants might win on their primary defence that there is no confusing similarity between the Claimants' marks and the logos of the RCB Defendants, the questions of: whether the marks had distinctive character; and whether they functioned as a badge of origin, might never arise at all. If the TPL Defendants did not win on their primary defence, however, Mr. Silverleaf argued that the TPL Defendants should have the option to argue at trial that, notwithstanding the existence of confusing similarity, there was no confusion that mattered.
65. In short, Mr. Silverleaf argued that the facts might show that there are some who care about the origin of particular polo themed goods: for them, the mark would be distinctive and thus validly registered, but in the case of such consumers there would be no infringement because there would be no confusion. For others, however, while they might be confused between various polo themed marks notwithstanding their distinctive character, this would not give rise to actionable infringement because for them the trade origin is irrelevant.

66. In the alternative, it was submitted that the facts giving rise to the second non-infringement argument might mean that the marks should not be registered as trade marks at all because they do not have the distinctive character which is at the heart of the specific subject matter of any trade mark.
67. By way of legal support for his alternative defences (i.e. those other than the primary defence of no confusing similarity) and the Counterclaim, Mr. Silverleaf referred to the jurisprudence of the CJEU on the origin function of trade marks, and the circumstances in which otherwise infringing acts had been held by the Court not to be infringing because there had been no impairment of the origin functions of the mark. It was submitted that the CJEU had held in various cases that the use of a sign identical or confusingly similar to a trade mark is not an infringement unless that use “... is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services” (*Céline SARL v Céline SA* Case C-17/06 [2007] ETMR 80 at 26). Mr. Silverleaf submitted that honest concurrent use was one instance of such an approach but that this was just one example of a much wider range of situations in which such a defence to infringement might arise.
68. By way of analogy, Mr. Silverleaf referred to the distinction in passing off cases between actionable deception and mere confusion arising from the use of descriptive marks, and drew a parallel with the situation that might potentially arise in this case if the Court were to find that the marks were, as argued, by the Claimants, confusingly similar but that, on the facts, those who were confused did not care.
69. On the invalidity defence and counterclaim, Mr. Silverleaf referred to the requirements of Article 4(1)(a) of the Trade Marks Regulation 2017:

“An EU trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of:

“(a) distinguishing the goods or services of one undertaking from those of other undertakings”

and Section 1(1)(a) of the Trade Marks Act 1994:

“In this Act, a “trade mark” means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.

“A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging.”

70. These provisions require that a mark must be capable of distinguishing the goods of one trader from those of another.
71. Mr. Edenborough had submitted that those provisions are really directed at marks which are so lacking in distinguishing capacity that they could never become capable of distinguishing between the goods of different traders. In response, Mr. Silverleaf relied on a passage at paragraph 2.105 of Kerly’s Law of Trade Marks and Trade Names considering the underlying purpose of this requirement. The text notes that two theories exist. Mr. Silverleaf seeks support from the second theory, which is explained as follows:

“Underpinning the second theory is the essential function of a trade mark – not a bad place to start. What could be less surprising than the realisation that the basic requirements of a ‘trade mark’ should include reference to the ‘essential function’ of a trade mark? The expression ‘capable of distinguishing’ reflects and encapsulates that essential function. Hence, when it is used, a trade mark must be capable of distinguishing the goods and services of one undertaking from those of other undertakings. ‘Capable of distinguishing’ means ‘able to distinguish’ or ‘serves to distinguish’.”

72. Mr. Silverleaf submitted that, in the light of the wording of the statutory provisions and the commentary from the leading English language text book on trade marks, a pleading that a trade mark is invalid if it is shown on the evidence to be incapable, when used, of distinguishing goods in practice cannot be dismissed as fanciful.

Assessment – paragraphs 6(l)-(n), 18 and 27

73. A number of other points were ably argued by both counsel in their respective Skeleton Arguments and during the hearing about the pleadings in paragraphs 6(l)-(n) and the consequential pleadings at paragraphs 18 and 27. In this short judgment I have not enumerated them all, although I have considered them, and have spent some time in disentangling the inevitable consequences of a situation in which the initial Skeleton Arguments approached the application from quite different perspectives, and sometimes with very different understandings of the underlying intent of the pleading being attacked.
74. As mentioned above, certain matters were clarified during the hearing and a number of pleading amendments will be required. Further information may also be sought. At this point, however, the question is whether all or any of the alternatives set out at paragraphs 6(l)-(n) and the consequences pleaded at paragraphs 18 and 27 must, as requested by the Claimants, be struck out or the subject of summary judgment.
75. There is considerable overlap in the Court’s jurisdiction under CPR 3.4 and CPR 24.2. For both, it is for the party applying to remove all or part of a pleading from a case to show that the relevant standard is met: that the pleading shows no reasonable grounds for defending the claim; or that the case pleaded has no real prospect of success.
76. As set out above, the principal issue in this case is whether the arguments put forward by the TPL Defendants, particularly as to invalidity, are fanciful or whether they have a prospect of success at trial, which is more than merely arguable, and whether the pleading has been put forward with conviction.
77. Mr. Silverleaf has also pointed to the need for significant facts to be found before the matters pleaded in paragraphs 6(l)-(n) and the subsequent pleadings which depend on those paragraphs could be determined. The need for factual evidence to determine the point would not be decisive if the underlying legal proposition were unarguable. However, in this instance, I do not conclude that the propositions put forward in the Defence, and the potential legal consequences pleaded raised in the Counterclaim are bound to fail.

78. The Claimants' principal attack on the Counterclaim (in particular) is based on the proposition that, while it is theoretically possible to make the arguments put forward by the TPL Defendants, they are fanciful because the consequence of their success would be to invalidate all marks of a similar nature to those of the Claimants and because no one has previously identified such a fundamental flaw.
79. Briefly summarised, the TPL Defendants' counter-arguments were that, given the breadth of the infringement arguments made by the Claimants, there is a serious question as to whether such marks function as a badge of origin and a serious legal issue worthy of consideration therefore arises.
80. In the light of the CJEU case law referred to by Mr. Silverleaf in his Skeleton Argument and the sections from Kerly to which he drew attention, this is an area of law which is still developing. If the supporting evidence is available at trial, this is a case in which the Counterclaim as pleaded may enable that law to be developed, depending on the potential findings of the trial judge on the question of infringement.
81. The legal plausibility of the argument was put forward with real conviction by Mr. Silverleaf, in the light of the materials to which he referred.
82. Mr. Edenborough also submitted that the invalidity argument should be removed because it was weak and removing it would simplify the case, as had resulted from the Judgment of Morgan J following the Claimants' previous successful application. Against this, however, is the fact that the case is inherently complex because of the number of defendants involved and the consequential jurisdictional wrangling.
83. Mr. Silverleaf submitted that pursuing the invalidity argument would not add to the evidence at trial because it is purely a matter of legal argument which provided an alternative approach to the TPL Defendants depending on the facts found by the trial judge as to the function of the marks and how they are perceived. Mr. Silverleaf acknowledged that the issue might not arise on the basis that the primary infringement defence was likely to succeed. That is not, however, in my view, a good reason to remove a pleading that is otherwise plausible.
84. In view of all the considerations above, the desire for procedural efficiency is not sufficient to justify either summary judgment or a strike out of paragraphs 6(1)-(n), 18

or 27 of the Counterclaim. I do not consider that the Counterclaim is fanciful, even though it may ultimately be unlikely to arise.

Conclusion

85. In summary, therefore, the Claimants' application to strike out (alternatively obtain summary judgment on) the following parts of the Defence and Counterclaim of the TPL Defendants:

- paragraphs 6(b)-(n), 18 and 27;
- paragraphs 3, 7, 9, 11, 14, 17 and 19; and
- paragraph 20,

is refused.

86. The TPL Defendants will need to amend paragraphs 3, 7, 9, 11, 14, 17, 19 and 20, as discussed above at paragraph 19.

87. The question of further amendments or particulars in respect of paragraphs 6(b)-(n), 18 and 27 are matters which will need to be dealt with as consequential matters following this judgment.