

# Kluwer Trademark Blog

## UK: A Lidl Use Goes a Long Way

Julius Stobbs, Mary White (Stobbs IP) · Tuesday, December 27th, 2022

Intellectual property law is designed to confer exclusive protections to intangible assets, to be used in compliance with honest commercial practices. In the absence of a statutory definition of what constitutes bad faith, a body of case law has been necessary to illuminate the threshold of behavioural demerit sufficient to disqualify owners from the benefits of their legal protections.

As one might expect, actions taken by businesses are presumed to be “in good faith” unless a convincing challenge is levelled against them, so cases have historically been few. However, some recent and ongoing disputes are yielding insights as the limits of acceptable practice – and how to successfully plead bad faith.

*SkyKick (C-371/18)* confirmed that if “objective, relevant and consistent indicia” demonstrate that at the time of filing the application, the trade mark applicant had the intention of “obtaining... an exclusive right for purposes other than those falling within the functions of a trade mark,” this amounts to bad faith. Meanwhile, in the recent case of *Hasbro, Inc. v EUIPO (T-663/19)* an admission by Hasbro’s in-house counsel that they re-filed certain trade mark applications with an intention to avoid proof of use requirements resulted in the invalidation of some goods, proving that “evergreening” is not an acceptable practice.

Pursuant to the decision of the UK Court of Appeal in late October 2022, supermarket giants Lidl will soon be in the spotlight, revealing further new insights in this field.

### Background

Lidl brought an infringement action against Tesco, claiming that their presentation of the words “Clubcard Prices” in a yellow circle on a blue background unfairly exploits the association of value that consumers connect with Lidl’s registered trade marks.

Tesco denied infringement, and sought to cancel the Wordless Marks, on the basis that they are invalid or, at least, should be revoked for non-use.

In its invalidity plea, Tesco described the Wordless Marks as a ‘defensive weapon’ to provide protection beyond what their commercially-used trade mark alone could achieve.

Tesco pointed to three cumulative assertions as indicia of bad faith:

1. That the wordless device is merely a ‘legal artifice’ never seen by the public.

2. That it was devised as early as 1987 and has been re-registered multiple times without any genuine intent to use it in a standalone manner.
3. That it was maintained by purposefully re-applying for new variations (evergreening) as a construct to maintain an unfair monopoly over a broader scope than it should be entitled to, bearing in mind that to remain registered, trade marks must be put to genuine commercial use.[1]

In an initial pre-trial hearing, Tesco's bad faith counterclaim was dubbed 'mere allegation' and struck out. However, on appeal, Arnold LJ overturned this decision, finding that the judge failed to fully consider the pleadings of facts and inferences as a whole, within their specific context.

The fact that Lidl did not dispute the assertion that the wordless mark was not used in isolation was re-evaluated. Furthermore, the Court observed that a counter-assertion is not sufficient to disprove an assertion. Accordingly, the Court found that inferences could be drawn from the facts, which did provide sufficient grounds to justify a full hearing of the counterclaim.

Arnold LJ remarked during the Appeal hearing that "the purpose of sanctions for non-use will be undermined if they can be circumvented by evergreening." This language resonates with the commentary in the recent Hasbro case.

However, at this juncture, the specific facts of this matter are yet to be fully considered. Although we now know that there is a case to be heard, the actual exploration of the bad faith allegations, and the ultimate determinations, will have to wait until early 2023.

### **What's Next?**

Trade mark owners should watch carefully as this is becoming a rapidly-developing area of the law with practical repercussions when considering the intent driving re-filings of identical or similar marks, and reinforces the need for record keeping, for when use requirements must be evidenced.

[1] [2022] EWHC 1434, Paragraph [47.1 – 47.4]

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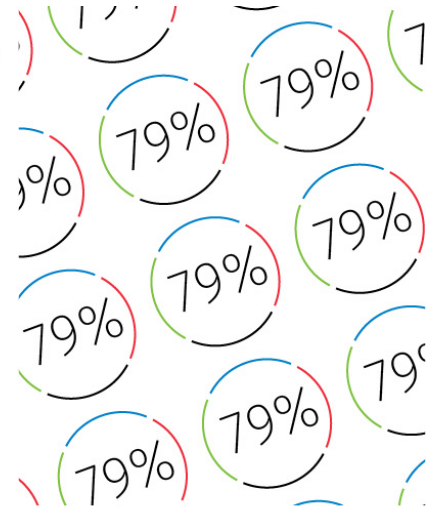
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