OUTER HOUSE, COURT OF SESSION

[2021] CSOH 55

A74/21

OPINION OF LORD CLARK

In the cause

WILLIAM GRANT & SONS IRISH BRANDS LIMITED

Pursuer

against

(FIRST) LIDL STIFTUNG & CO KG; (SECOND) LIDL UK GMBH and

(THIRD) LIDL GREAT BRITAIN LIMITED

Defenders

Pursuer: Dean of Faculty; Tariq: Burness Paull LLP
Defenders: Lord Keen of Elie; Campbell; Harper Macleod LLP

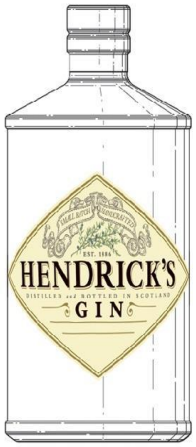
25 May 2021

Introduction

[1] The pursuer is the owner of the "Hendrick's gin" brand. A product named "Hampstead gin" is sold in Lidl stores in Scotland. The pursuer claims that the defenders are infringing the pursuer's trade mark and are also committing the delict of passing-off. The defenders deny these claims. The pursuer seeks orders for interim interdict.

Background

[2] Hendrick's gin was launched in 2000. The pursuer is the registered owner of UK trade mark No: UK00910544575, which became effective from 6 January 2012. The mark shows the shape of the Hendrick's gin bottle, bearing a diamond-shaped label. It is registered in class 33 for alcoholic beverages. This is the Hendrick's trade mark:



[3] The trade mark is not restricted to specific colours. This is the get-up of the Hendrick's gin bottle as sold on the market:

[4] The defenders operate a supermarket chain which has stores in Scotland and throughout the rest of the United Kingdom. The first defender is the parent company of the

second and third defenders. The second defender is the holding company for the stores in the UK. The third defender is the main operating entity for the chain in the UK, its main activity being the sale of grocery goods to consumers in the UK. The first defenders are the owners of the UK trade mark No: UK00810888489 for the word "Hampstead" in class 33 for alcoholic beverages, filed on 8 March 2012 and registered on 12 March 2013. The equivalent EU mark held by the defenders has its roots in a French trade mark from 1991.

[5] Hampstead gin has been sold by the second and third defenders for at least 10 years. This was the original get-up:

[6] The bottle and label of Hampstead gin were re-designed in 2020 by the third defenders for sale in their stores. The re-designed version has been available for purchase from December 2020 in stores in Scotland, England and Wales operated by the third defenders. It is not available online or in bars or restaurants. The bottle size is 70cl, an increase in size from the original bottle, which was 50cl. The price of the re-designed Hampstead gin is £15.99, the original version having been sold for £9.99. In mid-January 2021, it came to the pursuer's attention that the defenders had changed the design of its Hampstead gin bottle. This is the get-up of the re-designed version:

Procedural history

[7] The pursuer lodged a motion, before calling of the summons, for interim interdict. No caveat had been lodged on behalf of the defenders. At the *ex parte* hearing, the Dean of Faculty advised the court that the defenders' agents had been made aware of the action and he expressed the view that the responsible course was for the motion to be continued to allow appearance on the part of the defenders. This was, in any event, the approach that I intended to take. On the following day, Lord Keen of Elie, on behalf of the defenders, moved for a two week continuation in order to allow the defenders to prepare fully for the motion hearing and to lodge draft defences. That motion was opposed. I decided to grant the motion as there was no immediate urgency for interim orders and, in the interests of justice, it would allow the pursuer and the court to have notice of the defender's position and for the issues to be dealt with after proper preparation. Parties were advised to agree a timetable for the lodgement by the defenders of the draft defences and written submissions in advance of the continued hearing.

[8] Having heard parties at the further continued hearing, in order to consider their written and oral submissions on all of the points raised, and the authorities to which I was

referred, I indicated I would give my oral ruling a few days later and continued the hearing for that purpose. Further authorities were then lodged by the parties in relation to the territorial scope of any order, and at the continued hearing further submissions were made for each side on this point. I then gave my oral ruling and indicated that I would issue this opinion in due course.

Statutory provisions

[9] The provisions of the Trade Marks Act 1994 founded upon by the pursuer as being infringed are as follows:

Section 10 (2) (b):

> "(2) A person infringes a registered trade mark if he uses in the course of trade a sign where because-
>
> …
>
> (b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,
>
> there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark"

Section 10(3):

> "(3) A person infringes a registered trade mark if he uses in the course of trade, in relation to goods or services, a sign which—
>
> (a) is identical with or similar to the trade mark….
>
> where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark."

Submissions for the pursuer

Factual circumstances

[10] It was clear that Hendrick's gin is a world-famous brand of gin, bottled in a dark brown/black and opaque, apothecary-style bottle bearing a diamond shaped label. Typically, Hendrick's gin was served with tonic water over ice garnished with cucumber instead of the traditional citrus fruit and it has been marketed widely and consistently on this basis. Since 2000, Hendrick's gin has been sold using this distinctive get-up in almost all major supermarkets and off-sale retailers in the United Kingdom.

[11] While a substantial volume of products in the defenders' stores were private label products (i.e. own brand), the defenders did stock other big brands in their United Kingdom stores, such as Coca-Cola, Pepsi, Heinz, Nescafé, Budweiser, Corona, Stella Artois and San Miguel. The defenders' customers were aware that well-known brands can be purchased in the defenders' supermarkets often at discounted prices in comparison to other retailers. This was one of the major selling points of the defenders' supermarkets for customers. The Hampstead trade mark, being a word mark, was immaterial to these proceedings. Hampstead gin was originally packaged and branded as shown in the image above. The re-designed version contained a constellation of changes which simply could not have been accidental. It significantly changed the shape of the bottle from a traditional gin shape to the apothecary-style bottle represented in the Hendrick's trade mark. It also changed the colour of the diamond-shaped label from white to a similar pale colour used on the bottle in the Hendrick's trade mark. In addition, it changed the look of the label to include certain similarities to the Hendrick's label. The re-designed version was in a darker colour of bottle, replicating the famous dark brown/black colour used as part of the get-up of Hendrick's gin. It includes images of cucumbers which alludes to the fact that Hendrick's gin is famous for

being typically (and unusually for a gin) served with cucumber. The alcohol volume of Hampstead gin had been increased from 40% to 41.4%, a change designed to match the alcohol volume of Hendrick's gin. The re-designed version only appears to be sold in the United Kingdom where the defenders do not stock Hendrick's gin. In these circumstances, there was no credible explanation for the defenders using the new version in the United Kingdom other than the defenders having an intention to take unfair advantage of the Hendrick's gin brand. Rather, the new version was mocked-up to ape the pursuer's product. It was appropriate to deal with submissions in the following order.

Prima facie case

Section 10(2)(b) of the Trade Marks Act 1994

[12] There was a clear *prima facie* case on this ground. The re-designed product was similar and was being used in relation to an identical type of item, gin. The assessment of the likelihood of confusion had to be appreciated globally, taking into account all of the relevant factors: *CCHG Ltd (t/a Vaporized)* v *Vapouriz Ltd* 2017 SLT 907, at [114]. The matter required to be judged through the eyes of the average consumer of the goods in question, who is deemed to be reasonably well-informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods in question: *Specsavers International Healthcare Ltd* v *Asda Stores Ltd* [2012] F.S.R. 19, at [52]. The high degree of distinctiveness of the Hendrick's trade mark enhanced the likelihood of confusion among consumers. There was a likelihood of direct confusion among consumers. Confusion could also occur when Hampstead gin is being served to others, such as to family and friends, who would assume that it is

Hendrick's gin that is being served to them. There was a high degree of likelihood of indirect confusion: *L.A. Sugar Limited* v *By Back Beat Inc* BL- O/375/10 (at para [16]).

Passing off

[13] Again, the pursuer's *prima facie* case was clear. Reference was made to *Reckitt & Colman Products Ltd* v *Borden Inc (No.3)* [1990] 1 W.L.R. 491, at 499 (the *Jif Lemon* case) and *IRC* v *Muller's Margarine* [1901] A.C. 217, at 223. The pursuer had a considerable reputation and goodwill in the get-up of Hendrick's gin. The constituent parts of that reputation and goodwill might be described as follows: (i) a gin; (ii) alcohol volume of 41.4%; (iii) designed to be served with cucumber (the social media posts lodged as productions showed that cucumbers are an important part of the pursuer's promotion of Hendrick's gin); (iv) sold in a dark brown / black and opaque, apothecary-style bottle; (v) the bottle bears a diamond shaped label in pale colours; and (vi) the design of the label, including the graphics, font and colours of the label. The defenders' use of a similar get-up was such that it constitutes a misrepresentation to consumers that the defenders' Hampstead gin is that of, or otherwise associated with, the pursuer. Consumers would recognise the common elements in the get-up and assume that the pursuer is involved in the manufacture or sale of Hampstead gin. Reference was made to *United Biscuits (U.K.) Ltd.* v. *Asda Stores Ltd* [1997] R.P.C. 513, at 532 and 534. The pursuer would suffer brand dilution and loss of sales. There had been a deliberate change of practice by the defenders to trade off the pursuer's reputation and goodwill, which was a highly relevant factor: *Harrods Ltd* v *Harrodian School* Ltd, [1996] R.P.C. 697, at 706; *Original Beauty Technology Company Limited and others* v *G4K Fashion Limited and others*, 21 [2021] EWHC 294 (Ch), at [405] – [409]; *Slazenger & Sons* v *Feltham & Co* (1889) 6 RPC 531, at 537-538. The constellation of changes left one with no doubt that the

defenders' original product was changed to the infringing product to more closely replicate the get-up of Hendrick's gin. This was demonstrated by the change of the shape of the bottle to an apothecary bottle; the change of the colour of the bottle; the change of the label of the bottle; the increase in liquid volume to directly match that of Hendrick's gin; and the alteration of the alcohol volume to directly match that of Hendrick's gin. The only credible explanation for these design changes was that the defenders intended to trade off the pursuer's reputation and goodwill.

Section 10(3) of the Trade Marks Act 1994

[14] The pursuer had a strong *prima facie* case on this ground and the defenders' main line of argument about there being no likelihood of confusion was of no relevance. The trade mark clearly had a reputation. Reference was made to various productions. The defenders' re-designed product was similar to the Hendrick's trade mark for the reasons stated. The assessment of whether a connection would be made by a relevant section of the public is carried out having regard to all the circumstances of the case: *Specsavers International Healthcare Ltd* v *Asda Stores Ltd*, at [120]. The fact that, for the average consumer, who is reasonably well informed and reasonably circumspect, the new Hampstead product would call the Hendrick's trade mark to mind is tantamount to the existence between such a link (*ibid*, at [121]). Reference was also made to *Pfizer Ltd and Pfizer Incorporated* v *Eurofood Link (United Kingdom) Ltd*, Chancery Division, 10 December 1999, at [36]. The defenders' new design of Hampstead gin was intended to bring to the mind of consumers the Hendrick's trade mark to enable the defenders to trade on the goodwill and reputation of that trade mark. In support of the view that the defenders have succeeded in that endeavour reference was made to various social media posts and a YouTube video. Detriment to the distinctive

character of the trade mark occurs when its ability to identify goods as coming from the owner of the mark is weakened. In this case, there was a competing product that replicates the distinctive design and shape of Hendrick's gin and was detrimental to the distinctive character and repute of the Hendrick's trade mark. The defenders' product would dilute the pursuer's brand. There was also unfair advantage, as the defenders sought to benefit from riding on the coat-tails of the mark with a reputation: *L'Oreal* v *Bellure NV* [2010] RPC 1.

Balance of convenience

[15] The balance of convenience favoured the grant of interim interdict. The pursuer's *prima facie* case was clear on each head and particularly strong in terms of section 10(3) of the 1994 Act. The *status quo* was not a helpful consideration in a case such as the present where the conduct complained of had both begun and become established prior to the pursuer becoming aware of it. The defenders had made a deliberate decision to re-design the Hampstead gin to replicate Hendrick's gin. The re-designed product had only recently been introduced into the defenders' stores in the United Kingdom. The product could be stored pending resolution of these proceedings. If the defenders wished to continue to sell Hampstead gin in their stores in Scotland, it has readily available alternative designs for the product, such as those being used in other international markets or the original design still being promoted on the defenders' website in the United Kingdom. Any dilution of the premium brand of the pursuer was likely to cause significant financial harm to the pursuer's overall business and long-term damage to its distinctive brand. There was a real risk of the defenders' product swamping the pursuer's product and eroding the distinctiveness of the Hendrick's trade mark. This damage could not be cured by a permanent interdict granted at the conclusion of this action: *Parfums Givenchy SA* v *Designer Alternatives Limited* [1994]

R.P.C. 243 at 249. The substantial dilution to the pursuer's brand which the pursuer wished to restrain may have concluded during the currency of these proceedings. This created the risk of irreparable harm to the pursuer's brand if interim interdict is refused. The defenders would be able to quantify any losses caused by the suspension of its ability to sell the infringing products. However, damages would not be an adequate remedy for the dilution of the pursuer's distinctive Hendrick's trade mark and the get-up of Hendrick's gin. It would also be difficult to quantify the pursuer's loss of sales. These considerations have meant that the Scottish courts tend to protect the established business against the interloper in assessing whether to grant interim interdict. Lord Maxwell in *Chill Foods (Scotland) Ltd* v *Cool Foods Ltd* 1977 SLT 38, at 41 observed that the balance of convenience will favour the protection of the established business against the interloper. Reference was also made to *Dash Limited* v *Philip King Tailoring Limited* 1989 SLT 39. The defenders have not had sufficient time to generate material goodwill in the design of the infringing product. Finally, there had been no undue delay in making the motion for interim interdict.

Territorial scope of the orders sought

[16] Substantial reliance was placed on a passage in *Burn-Murdoch on Interdict* (para 12), which referred to interdicts applying abroad. The author refers to the decision in *R Johnston & Co* v *Archibald Orr Ewing & Co* (1882) 7 App Cas 219. This was followed by the Inner House in *William Grant & Sons Limited* v *Glen Catrine Bonded Warehouse Limited* (No 3) 2001 SC 72, under reference also to other cases in which interdicts in respect of passing off were granted in relation to conduct abroad. In the present case, the defenders were selling the infringing products in England and Wales as well as in Scotland. Infringement of a UK mark entitled an interdict applying across the UK. It was wrong to view the line of cases as

concerning only manufacturing or exporting but in any event the defenders made the product.

Submissions for the defenders

Factual circumstances

[17] The third defenders operated discount supermarket stores in Great Britain. They have 867 stores in Great Britain. 105 of these stores are in Scotland. The stores are known as "Lidl". Lidl did not sell its products online, only in-store. Lidl was well known for stocking private label, i.e. own brand, goods. Approximately 90% of products sold at Lidl were private label goods. The defenders did not currently have any "branded" spirits listed as products nationally. Hendrick's gin was not sold in any Lidl stores in Great Britain and never had been. The average consumer shopping at Lidl will be a repeat customer who is familiar with the Lidl business model and will not be expecting to find Hendrick's gin for sale. They will also be familiar with Lidl's own label brands, such as Hampstead. This was an important part of the context.

[18] Any similarities between the pursuer's product and the second and third defender's product could not be seen out of their whole context, which includes the obvious differences that exist between the products. Any similarities also could not be viewed outside of the legal context. A clear and apparent difference between the products was their names. The pursuer's mark was not a three dimensional mark and nor did it contain multiple images showing the orientation shape or size of the bottle. The image was not capable of showing that the bottle is round, rectangular or even hexagonal. In the get-up, some elements of the mark had been removed and other things added. There might be a question as to whether the mark itself has been in use. Further differences included: (i) the shape of the bottle necks

are markedly different; (ii) the label on the new Hampstead gin product is narrower when compared to the Hendrick's trade mark; (iii) the colour of the labels differ; (iv) on a bottle of Hendrick's gin the word "Hendrick's" is embossed around the neck; (v) the surface ornamentation and background design of the labels are different - the new Hampstead gin contains pictures of cucumber and decorative petal designs which do not feature in the Hendrick's trade mark; (vi) the text varies between the two labels; (vii) the back label of the new Hampstead gin recommends serving with elderflower tonic; and (viii) the new Hampstead gin is priced at £15.99 whereas Hendrick's gin retails at approximately £30. It was relevant to be aware of other products which can be seen to have similarities to Hendrick's gin (for example, in relation to bottle shape, bottle colour, alcohol content and the like). Some examples of these were contained in the defenders' productions.

Prima facie case

Section 10(2)(b)

[19] There was a fundamental issue that the pursuer's pleadings confuse and conflate trade mark infringement and passing off. The pursuer had no *prima facie* case or, if it existed, it was weak.

[20] There were clear and obvious differences between the pursuer's trade mark and the new Hampstead gin product. The dominant feature of the pursuer's trade mark is the word "Hendrick's". The dominant feature of new Hampstead gin is the word "Hampstead". For the reasons given, the new Hampstead gin product was not similar to the pursuer's trade mark for the purposes of section 10(2)(b). In any event, there was no *prima facie* case on likelihood of confusion. Reference was made to *Specsavers International Healthcare Ltd* v *Asda Stores Ltd*, at [52] and [87].

[21] The pursuer had no reasonable prospect of proving that a likelihood of confusion existed between the pursuer's trade mark (distinct from the Hendrick's get-up) and the new Hampstead gin. There was no basis to hold that the average consumer might think that the new Hampstead gin was from the same undertaking or an economically linked undertaking as the pursuer's trade mark. Hampstead gin has been sold in Lidl for more than 10 years and has its own reputation. The differences that are present between the pursuer's trade mark and the new Hampstead gin removed any possibility of such confusion existing. In the five months that the new Hampstead gin has been on sale in its current design, there had been no evidence of actual confusion.

[22] Lidl was well-known for its own brand stock, which makes up approximately 90% of products on sale at Lidl in Great Britain. Lidl currently has no branded spirits listed nationally as a permanent product. A consumer entering a Lidl store was not likely to be looking for or expecting to see Hendrick's gin or any third party brand for that matter. In reality, the relevant average consumer would consider that the new Hampstead gin was from Lidl. Furthermore, a Lidl consumer was likely to be familiar with the Hampstead brand, a brand that has been on sale in stores in Great Britain for more than 10 years.

Passing off

[23] The factors requiring proof were set out by Lord Oliver in *Reckitt & Colman Products Ltd* v *Borden,* at 406. Misrepresentation is a key component of an action for passing off. Any misrepresentation must cause the consumer to believe that the product is that of the pursuer's or that the pursuer has made himself responsible for the quality of the product. *Morroccanoil Israel Limited* v *Aldi Stores Limited* 2014 EWHC 1686 IPEC 43 was a helpful and relatively recent authority that has some similarities to the case the pursuer seeks to make.

Having regard to the principles summarised therein, when the circumstances of the present case were considered alongside these legal principles it was apparent that the pursuer does not have a *prima facie* case of passing off.

[24] It has been long established that a difference in names is ordinarily enough to warn the public that they are getting one trader's goods and not the others: *Saper* v *Specter's and Boxes Ltd* (1953) 70 RPC 173. The difference in names between Hendrick's and Hampstead in this case was sufficient to dispel any notion of passing off. When the whole circumstances were taken into account, including all of the differences between the Hendrick's get-up and the new Hampstead gin, the differing locations of sale, the price differences and the other products on the market, there could be no reasonable prospect of the pursuer succeeding in a claim for passing off. There was no adequate evidential basis to consider that there exists a misrepresentation amounting to passing off.

Section 10(3)

[25] For the reasons given, the new Hampstead gin was not similar to the pursuer's UK trade mark. The claim failed on that basis alone. The alleged injury to the pursuer's trade mark was not detailed other than in a superficial manner with reference to the wording of the Trade Marks Act 1994. The court should be very reluctant to grant interim interdict for this reason alone. As to the legal principles, reference was made to *Comic Enterprises Ltd* v *Twentieth Century Fox Film Corp* [2016] ETMR 22 at [107] – [123] and *Intel Corp Inc* v *CPM United Kingdom Ltd* [2009] ETMR 13 (CJEU First Chamber) ("*Intel*") at [27], [31], and [40]-[63]. The new Hampstead gin was not likely to call to mind the pursuer's trade mark. As such, there was no *prima facie* case in relation to section 10(3).

[26] Even if reasonable prospects did exist of proving a link, this in itself was not sufficient to cause injury: *Intel* at [32]. The correct approach to analysing whether there is injury caused by any link formed by the average consumer is detailed within *Intel* at [65]-[81]. In order for there to be injury for the purposes of a breach of section 10(3) there must be a linked cause liable to have effect on the economic behaviour of the consumer. This is a requirement that needs to be positively established: *Intel* [2009] ETMR 13 CJEU at [64], [71] and [77]. It requires proof that there is a serious risk that such an injury will occur in the future: *Intel* at [38]. Reference was also made to *Environmental Manufacturing LLP* v *Office for Harmonisation in the Internal Market* (Case C-383/12P EU:C:2013 741), at [43]. Mere calling to mind of the pursuer's trade mark would not be sufficient to establish unfair advantage.

[27] The market research lodged by the pursuer did not assist the pursuer in establishing distinctiveness. The pursuer's reliance upon the price increase of the new Hampstead product was wholly misconceived. The price increase arose from the increase in the size of the bottle from 50cl to 70cl, in alignment with the price of comparable own brand products on sale in Lidl that are 70cl, and the increase in the alcohol content. An absence of marketing did not demonstrate free-riding. The defenders would normally advertise gin products in the summer months. In any event, the new Hampstead gin was competing in Lidl stores against other private label gins. No relevant evidence of injury for the purposes of section 10(3) had been produced to the court. At the very least, any such evidence provided was inadequate. There was no basis to consider, in circumstances where the pursuer's trade mark is easily recognisable as distinct from the new Hampstead gin and the two are not sold side by side, that there is any injury to the pursuer.

Balance of convenience

[28] In the event of a *prima facie* case being established in respect of trade mark infringement or passing off, the balance of convenience favoured the defenders. Any *prima facie* case would be a weak one. There had been a delay in raising proceedings. The pursuer had been aware of the new Hampstead gin since at least 16 January 2021. Proceedings were not raised in Scotland until 7 April 2021. No proceedings have been raised in England. The vast majority of stores selling the new Hampstead gin product are in England. When assessing the balance of convenience the court should have regard to the question of whether damages might be an adequate remedy: *Elekta Ltd* v *The Common Services Agency* 2011 SLT 815, at [26]. Where the defenders were capable of accounting for profits and/or meeting an adverse award of damages, this was a relevant consideration pointing away from the grant of interdict *ad interim*: consistent with *Conoco Speciality Products (Inc.)* v *Merpro Montassa Ltd (No. 2)* 1991 SLT 225, at 227. Costs and inconvenience to the defenders would result from interdict being granted. Separately, the terms of the interdict sought in the second and third conclusions were not justified by the summons, which complains of trade mark infringement and passing off as a result of the defenders' sale of the new Hampstead gin.

Territorial scope of the orders sought

[29] The line of cases relied upon by the pursuer on this point dealt with manufacturing and exporting, allowing interdicts applicable in other jurisdictions on that basis. That was not the case made by the pursuer. It would not be appropriate for this court to grant an order which applied outside this jurisdiction, that is to the rest of the United Kingdom. The approach to interim orders in England and Wales was different.

Decision and reasons

[30] I begin by noting the content of some of the social media posts and the YouTube video lodged on behalf of the pursuer. These are of course different in quality from a proper survey, or affidavit evidence, as to the views reached by the public or indeed the average consumer. But it is nonetheless appropriate to note their content, which includes the following comments from separate individuals:

> "…Blatant copying and ripping off of reputable brands";
>
> "Hmmm…Reminds me of another gin, but I just can't put my finger on it…" (followed by laughing emojis);
>
> "Looks a lot like another bottle of gin" (followed by a winking emoji);
>
> "I thought the exact same thing. I think that's what drew me to it" (followed by a winking emoji);
>
> "Looks like Hendrick's Gin";
>
> "looks like a complete rip off of Hendricks!!";
>
> "fake copy of Hendricks";
>
> "Looks like it's meant to be a direct copy of Hendricks which doesn't have cucumber in it, it is the suggested serve and heavily marketed that way"; and "I'm guessing if it's meant to be a Hendricks rip off then it would have cucumber in it … but not tried it myself".

There is also a YouTube video entitled "Hampstead London Dry Gin 41.4%" uploaded on 26 February 2021 in which the reviewer notes that Hampstead gin looks like Hendrick's gin; "the bottle is very, very similar" and the "label is very, very similar".

[31] A bottle of Hendrick's gin and a bottle of the new Hampstead gin were lodged as productions and I had these before me for consideration.

[32] In relation to the test to be applied for *interim* interdict, I accept and adopt the summary by Lord Glennie in *Schuh Ltd* v *Shhh…Ltd* 2011 CSOH 123, (particularly at [12]). This reflects the well-established principles on interim interdict.

***Prima facie* case**

[33] The parties differ starkly on this, the pursuer saying there is a strong *prima facie* case on each ground and the defenders saying there is no *prima facie* case on any of the grounds, or, if one exists, it is weak. Based upon the authorities, there needs to be a case to argue and a case to answer, showing reasonable prospects of establishing a right to interdict at proof. On the three grounds, I shall follow the order in which the oral submissions were advanced on behalf of the pursuer.

Section 10(2)(b)

[34] I deal firstly with similarity before turning to whether it is such that there is a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.

[35] In assessing whether the pursuer has a reasonable prospect of showing similarity, I have considered whether there exist visual, aural or conceptual similarities. I have taken into account what is said in the judgement of the ECJ in *Specsavers International Healthcare Ltd and Others* v *Asda Stores Ltd* C-252/12 18 July 2013, at [32]-[48]), following a referral by the Court of Appeal in England. I proceed on the basis of an overall impression created by the mark and the sign, in light, in particular, of their distinctive and dominant components. I bear in mind the need to consider the sign in context rather than in a vacuum. I also take the average consumer of the category of products concerned as being deemed to be reasonably

well-informed, reasonably observant and circumspect. The average consumer normally perceives a mark as a whole and does not engage in an analysis of its various details.

[36] I take into account that the Hendrick's name on the mark and the Hampstead name on the sign are different and that for each of their respective marks the name is an important factor. However, I also have regard to the fact that the Hendrick's mark includes all colours and that the mark has been used consistently since its registration in a dark coloured bottle. I also take into account the other factors in the mark and the sign (i.e. the new Hampstead product) as referred to by the parties including, but not limited to, the shape of the bottle, the shape of the label, the design of the label, and the use of the product as gin. I follow the approach in *Emmanuel De Landtsheer* v *Veuve Cliquot Ponsardin and LVHM Fashion Group* [2005] E.T.M.R 12 (at [90]): that the average consumer commonly must place his trust on the imperfect picture that he has kept in mind. A consumer in Lidl, when looking at the Hampstead bottle, will not see on the shelf the Hendrick's bottle with its features of the mark.

[37] It is clear from the case law that where a logo registered in black and white has acquired, through use, a particular and distinctive character in a particular colour, that is a factor to be taken into account. It is of course true that in the *Specsavers* cases these comments as to colour were made in the context of likelihood of confusion, but logically they must also apply to the pre-condition of similarity. When viewed in the context of the dark colour of the bottle consistently used, the pursuer's trade mark has a distinctive character.

[38] I note that the Hampstead product is in a dark coloured bottle, with a diamond label, (albeit not in exactly the same dimensions as in the mark), that the Hampstead bottle shape is similar to that on the mark, and that the Hampstead product bears the word

"Handcrafted" on the label, as does the pursuer's mark. The artwork above the Hampstead gin name on the label now contains an image of juniper. An image of juniper is also used in the artwork above the name Hendrick's in the pursuer's mark. The new Hampstead product also adds a scroll design either side of the word "GIN" and a scroll design is used either side of the word "GIN" in the Hendrick's mark. Similar concepts are evoked by the mark and the sign.

[39] Notwithstanding the existence of some measure of dissimilarity, having regard to a comprehensive assessment, there is a sufficient basis to argue visual and conceptual similarity between the mark and the sign. Bottle shape and colour are often intended to be distinguishing features of gin products. The social media and YouTube material put before me provide some support for similarity. In reaching that view, I of course have regard to the Hendrick's mark rather than the get-up of the Hendrick's gin product and I therefore leave out of account matters not in the mark, such as the alcohol by volume level of 41.4%.

[40] On the likelihood of confusion on the part of the public, which includes association with the trade mark, the case law is clear. As put in *Pfizer Ltd and Pfizer Incorporated* v *Eurofood Link (United Kingdom) Ltd*, at [29]: "It must however be remembered at all times that the nature of the confusion that must be proved is confusion as to origin."

[41] I accept that the more distinctive the mark the greater is the likelihood of confusion and that the Hendrick's mark relied upon is quite distinctive and recognised on the market. I also have regard to the points made regarding the inference to be drawn that the defenders did seek to cause some connection in the mind of the average consumer between the brands.

[42] However, taking all of the circumstances into account, I conclude that the pursuer does not have a *prima facie* case on the likelihood of confusion, including indirect confusion.

I note that *Kerly* at paragraph 11-061 describes indirect confusion as inferring a common commercial origin.

[43] I reach that view on my own objective global assessment and also taking into account (although not of itself a decisive factor) that there is no evidence allowing the inference of a common commercial origin. The social media and YouTube references founded upon by the pursuer do not indicate that position. On the matter of the average consumer, I have some difficulty in accepting that using the Hampstead bottle in, for example, a garden bar (as was suggested on behalf of the pursuer) may be a factor in the absence of any real evidence of the proportion of such use.

[44] Having regard to the fact that, on the information put before me, the Hampstead bottle is in stock only in Lidl and is priced at £15.99 rather than the significantly higher price of Hendrick's, and standing the differences that do exist, such as the names, I am unable to conclude that the average consumer would be likely to be confused as to common commercial origin.

[45] So while there is some similarity there is, as things stand, no reasonable prospect of showing that it is such as to cause a likelihood of confusion or association with the mark of the kind required. That matter may no doubt change when evidence is led at a proof, if that occurs, but as things stand there is no *prima facie* case on this ground.

Passing off

[46] Turning next to passing off, I do consider that there is sufficient material, from the information put before me, to infer (for the purposes of a *prima facie* case) that there was a deliberate alteration of the get-up of the Hampstead product to seek to cause at least an association with Hendrick's. In relation to taking intention into account, I note what was

said in *Original Beauty Technology Company Limited and others* v *G4K Fashion Limited and others* (at [405], quoting from *Slazenger & Sons* v *Feltham & Co* at 537-538) about the court not being astute to say that the person taking such steps "cannot succeed in doing that which he is straining every nerve to do" and also the relevance of knowledge on the part of the defenders of the market (paras [407] and [408]).

[47] However, there is of course a difference between, as it is put in the case law, living dangerously, but endeavouring to keep a safe distance away (for example, arguably by use of a different name) and on the other hand deliberately intending to cause deception: *Specsavers International Healthcare Ltd* v *Asda Stores Ltd* [2012] (at [115]). That is a matter of fact and I am unable at this stage to conclude that the information before the court sufficiently supports (for the purposes of a *prima facie* case) a deliberate intention to deceive rather than just an intention to live dangerously. In any event, that is only one of the factors in the global assessment.

[48] Taking into account all of the relevant factors, including the distinguishable names, the place where Hampstead is sold (the Lidl stores), the price of Hampstead gin, and the important requirement of a need to have a reasonable prospect of establishing that the average consumer would assume that Hampstead is the same as Hendrick's or from the same manufacturer or licensed by Hendrick's, I conclude that there is currently no reasonable prospect that the test for a misrepresentation required for passing off will be met. In this specific context, as before, I view the social media and YouTube evidence as not providing sufficient support for the pursuer's contention. For the purposes of passing off, the fact that the Hampstead bottle brings to mind Hendrick's is not, of course, enough.

[49] I would add, and this also applies in relation to section 10(2)(b), that I accept the point made by the Dean of Faculty that the fact that the names differ does not, of itself,

prevent a likelihood of confusion or misrepresentation. Reliance was placed on the use of "Asda" in the *Specsavers* case and "Viagrene" in the *Pfizer* case, as being different from the names in the marks. I would merely say that in the *Specsavers* case there were two so-called straplines one of which referred to "Spec savings" and the other to "spec saver", and that was a factor taken into account. Viagrene is plainly much closer to Viagra than Hampstead is to Hendrick's. In any event, for the reasons given, my conclusion on misrepresentation does not rest simply on the names being different, although that is a factor.

[50] Again, it is possible that the position on misrepresentation may change when evidence is led at a proof, if that occurs, but as things stand there is no *prima facie* case on this ground.

Section 10(3)

[51] In relation to similarity in this context, the test is set out in *Intel Corp Inc* v *CPM United Kingdom Ltd:*

> "30. The types of injury referred to in art.4(4)(a) of the Directive, where they occur, are the consequence of a certain degree of similarity between the earlier and later marks, by virtue of which the relevant section of the public makes a connection between those two marks, that is to say, establishes a link between them even though it does not confuse them (see, in relation to art.5(2) of the Directive, *General Motors* at [23]; *Adidas-Salomon* at [29], and *Adidas AG* at [41])."

Thus, a link is required and, in reliance upon *Intel Corp Inc* (at [60]), it was said in *Specsavers* (at [121]):

> "The fact that, for the average consumer, who is reasonably well informed and reasonably circumspect, the sign would call the registered mark to mind is tantamount to the existence of such a link…"

[52] This requires an objective assessment in light of all of the relevant factors. For the reasons I gave in relation to section 10(2(b), I accept that the sign is sufficiently similar to the

mark. The social media and YouTube material put before me provide support for the view that the mark is called to mind and indeed that there may well be what can be described as a transfer of image of the mark.

[53] There is, of course, no need to establish a likelihood of confusion but there are further requirements to be met: the trade mark must have a reputation in the United Kingdom and the use of the sign must take unfair advantage of, or be detrimental to, the distinctive character or the repute of the trade mark. From the material put before me, I am in no doubt that the trade mark relied upon has a reputation in the United Kingdom.

[54] I have considered the various authorities to which I was referred in relation to unfair advantage and detriment. In short, I view *Argos Limited* v *Argos Systems Inc* [2018] EWCA Civ 2211 as of assistance in summarising the law, and I place particular reliance upon paragraph [107]. There, in the context of showing detriment, the court referred to evidence being required of a change in economic behaviour of the average consumer of the goods or services or a serious likelihood that such change will occur in the future (under reference to *Environmental Manufacturing LLP* v *Office for Harmonisation in the Internal Market*).

[55] I accept that the pursuer in the present case has not (as yet) provided a sufficient basis to show a reasonable prospect of success in establishing a change in the economic behaviour of the average consumer or a serious likelihood that such a change will occur in the future. I do however recognise that there is at least some risk to the pursuer of harm to the brand.

[56] But the court in *Argos* also said that it by no means follows that there is a requirement for evidence of a change in the economic behaviour of consumers of the trade mark proprietor's goods or services in order to establish the taking of unfair advantage of the distinctive character or repute of the trade mark:

> "[107]…In my judgment, it should be sufficient to show a change in economic behaviour of customers for the defendants' goods or services in order to show that the use of the sign is taking unfair advantage…."

[57] I note also the point made by Arnold J in *Jack Wills Ltd* v *House of Fraser (Stores) Ltd* [2014] FSR 39 (an authority cited with approval in *Argos* at para [107]), where he said (at [80]):

> "It is also clear from the case law both of the Court of Justice and of the Court of Appeal that the defendant's conduct is most likely to be regarded as unfair where he intends to benefit from the reputation and goodwill of the trade mark."

[58] I take that factor into account and find that there is a reasonable prospect of success for the pursuer in showing that the defenders intended to benefit from the reputation and goodwill of the pursuer's mark. Whether or not there was a deliberate intention to deceive, there is a sufficient basis for showing that there was an intention to benefit. It is difficult to view the re-design, including the change in colour of the bottle, as accidental or coincidental. Arnold J also referred to the change in economic behaviour of the defendant's customers, as later came to be mentioned in *Argos*. Arnold J formed the view (at [109]-[110]) that the case before him was "a classic case of a retailer seeking to enhance the attraction of its own brand goods by adopting an aspect of the get-up of prestigious branded goods" and the retailer "was seeking to influence the economic behaviour of consumers". The pursuer has a reasonable prospect of establishing those points in the present case and also of showing that the defenders are likely to succeed in that endeavour.

[59] It is readily to be inferred that, in taking these steps, the defenders' plan was to increase the attraction of the Hampstead product to their customers and, on the information available, that appears to have been done where the defenders did not undertake any advertising or promotion for the marketing of the Hampstead product. There was no

suggestion of any separate justification for the defenders' conduct; that is, no suggestion of this being done with due cause.

[60] I therefore conclude that there is a reasonable prospect of success on the part of the pursuer in showing a change in economic behaviour or a real likelihood of such a change by customers who buy from Lidl, and hence that it has created an unfair advantage.

[61] In that regard, the social media and YouTube material, which I have not viewed as sufficient to support the other grounds, comes into play. Although I fully recognise its limited evidential significance, there is some support within that material for the proposition of Lidl riding on the coat-tails of the Hendrick's mark so as to benefit from its attraction and also that this could influence the economic behaviour of the defenders' customers. Part of the intention of the defenders appears to be that customers in Lidl who buy this version of Hampstead pay about 60% more than the price of the previous 50cl bottle (the new bottle being 40% greater in volume).

[62] Accordingly, there is a *prima face* case in respect of the claim based on section 10(3).

Balance of convenience

[63] As to the balance of convenience, the following factors are in my view of particular relevance.

[64] This is a relatively new product for the defenders, in this particular get-up. The pursuer's product has been on the market in this form for quite some time and has an established reputation. If interim interdict is refused, but the pursuer succeeds at proof, then while there is no evidence yet of a change in economic behaviour of the average customer, there is still at least a risk (and I accept it is just a risk) of damage to the brand in the interim period. That period could, in light of any appeals, last for perhaps a couple of

years. Quantification of any loss of sales of Hendrick's gin, should that become an issue, will also be problematic, given that the product is sold in a wide range of retail outlets. Any award of damages if the pursuer succeeds is therefore likely to be difficult to quantify. On the other hand if the defenders succeed at proof, in the interim any damage to the defenders is limited to loss of sales and some, albeit relatively contained, associated inconvenience. While there may be some issues regarding quantification of that loss, these differ markedly from the problems in respect of the pursuer's loss. The court will be able to adopt a broad-axe view, based on information the defenders can readily supply as to sales of the new Hampstead gin prior to this decision and sales of other products within their units, to calculating quantum for lost sales if the defenders succeed. The defenders also have another get-up to sell the product, which is not challenged, so it is just the sales of Hampstead in this particular get-up that are stopped. Overall, I see little material prejudice to the defenders if interim interdict is granted but they then succeed after proof, and any inconvenience to defenders is of limited effect.

[65] In contrast, there is a real possibility of material prejudice to the pursuer if it succeeds at proof and in the meantime runs the risk of suffering damage to its brand. I take into account the point made by Lord Keen as to only 7% of the product in question being sold in Scotland and his submissions on the territorial scope of the order, but I am unable to conclude that no further steps will be taken by the pursuer in respect of England and Wales nor can I predict the outcome. Further, the point that there might be greater harm elsewhere does not outweigh the fact that harm in this jurisdiction could well result. I therefore do not accept that this point materially affects the position on the balance of convenience. Preservation of the *status quo* can be a factor but where a new product has just been brought on to the market it is not of great significance. On the defenders' other point that there has

been a delay in raising the proceedings, the parties were in communication for a period of time about the issues and I am not persuaded that there was any unjustified delay that could affect the balance of convenience.

[66] For these reasons, the balance of convenience favours the pursuer.

Territorial scope of the order

[67] The basis for jurisdiction averred by the pursuer is wrongs said to have been committed in Scotland, including trade mark infringement. While the terms of the interdict sought have no geographical restriction and there are averments about retailing in the rest of the United Kingdom, the pursuer avers (albeit in relation to jurisdiction) that:

> "This action has as its subject-matter wrongs which have taken place and it is apprehended will continue to take place in Scotland."

[68] In the Inner House in *William Grant & Sons Limited* v *Glen Catrine Bonded Warehouse Limited* it was argued that the Lord Ordinary had erred in holding that interdict should apply in respect of export of the defenders' products bearing the name Grant's to all countries, since the evidence did not warrant a view that exports to all overseas markets were unlawful. As is clear from the Opinion of the Lord Ordinary who dealt with the debate in *William Grant* and the Opinion of the Lord President (Rodger) following the reclaiming motion, the wrong complained of occurred and was completed in Scotland prior to the product in question being exported. In those circumstances, rather than having to sue the same defender in other countries to where the products were sent, an interdict based on a completed wrong in Scotland having been aimed at passing off elsewhere, was viewed as appropriate. The interdict was said by Lord Rodger to be in a form of the injunction as sanctioned by the House of Lords in *R Johnston & Co* v *Archibald Orr Ewing & Co*. That form

basically prevented the affixing of certain signs by the defendant in respect goods in England which were to be exported abroad and could deceive purchasers there. Lord Rodger referred to a "single interdict preventing exporting" being granted in the *William Grant* case.

[69] As passing off was held to be complete, at the latest, when the defender exports the goods which will deceive persons in the foreign market there was no need to consider whether a wrong would be committed under the law of the foreign market. In essence, a person cannot make a false representation in another country as a result of deceptive goods being sent to him from Scotland, and that can be prevented by interdict here. Other authorities of relevance to this issue include *John Walker & Sons* v *Douglas McGibbon & Company* 1972 SLT 128 and *James Burrows Distillers plc* v *Spey Malt Whisky Distributors Limited* 1989 SLT 561.

[70] I therefore conclude that what is said in *Burn-Murdoch on Interdict* (para 12) and in this line of case law is of no relevance to the issue of territorial scope in the present case. Here, the action was raised in Scotland on the basis that the wrong was committed in Scotland. It is not averred that the Hampstead gin product is made in Scotland. If the alleged wrong is merely retailing rather than manufacturing and exporting, then an interdict preventing infringement in another country, including England and Wales, is not supported by those cases. The interdict here does not deal with exporting abroad.

[71] Without suggesting that these are of particular relevance for present purposes, I note that in the context of intellectual property there are authorities which touch on the territorial scope within the UK of interim orders in Scotland (see eg *UVG Ambulances Ltd* v *Auto Conversions Ltd (Wilker Auto Conversions*) 2000 ECDR 479, at para [10], although not in the context of trade mark infringement, and *Speechworks Limited* v *Speechworks International*

Incorporated 2000 ETMR 982 (at para [27]). There may well be other considerations and authorities that relate to territorial scope, given that trade mark protection applies throughout the United Kingdom. However, on the basis of the averments, submissions and authorities put before me, I am unable to conclude in the factual circumstances of this case that this court can make an interim order extending in territorial scope beyond Scotland. I therefore find, at this stage in the proceedings, that the order does not extend beyond Scotland.

Disposal

[72] For those reasons, I shall grant the pursuer's motion in respect of section 10(3) of the Trade Marks Act 1994 and grant interim interdict in terms of the second conclusion of the summons (as amended).