

Neutral Citation Number: [2017] EWHC 231 (Ch)

Case No: HC-2014-001103

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

INTELLECTUAL PROPERTY

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 15 February 2017

Before:

RICHARD SPEARMAN Q.C.
(sitting as a Deputy Judge of the Chancery Division)

Between:

ARGOS LIMITED

Claimant

- and -

ARGOS SYSTEMS INC

Defendant

Jonathan Hill and Maxwell Keay (instructed by TLT LLP) for the Claimant
Jaani Riordan (instructed by Virtuoso Legal LLP) for the Defendant

Hearing dates: 28, 31 October, 1-4 November 2016

JUDGMENT

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RICHARD SPEARMAN Q.C.:

Introduction and nature of the dispute

1. This is the trial of a claim for infringement of two trade marks and passing off brought by the Claimant (“AUL”) in respect of the use by the Defendant (“ASI”) of the sign ARGOS in the form of the domain name www.argos.com (“the ASI domain name”) and on ASI’s website, and of a counterclaim which seeks declarations of non-infringement in respect of both current and historic versions of ASI’s website. These claims and cross-claims raise a number of issues which are both novel and of potential wider importance, not least relating to the operation of Google advertising.
2. In Greek mythology, Argos was the short name of Argus Panoptes, an all-seeing giant, and a servant of Hera. When he was killed, as a constant reminder of his foul murder, or as some say of his loyalty to her, Hera placed Argos’ eyes in the tail of the peacock. A version of the scene leading up to his death was depicted by Diego Velázquez in 1659 in his painting “Hermes and Argus”. The full story also involves Zeus and his passion for the nymph-heifer Io, but those who are interested in the full details and who do not know them already must look for them elsewhere.

3. In modern times, “Argos” has become a popular name for companies all over the world. The papers in this case include a list of over 100 registered “Argos” domain names, and a list of about 100 registered trade marks comprising or including the word “Argos”, which (a) relate to a wide range of designated territories, (b) are not associated with either of the parties to this litigation, and (c) appear to belong to a substantial number of different companies, many of which have names which comprise or include the word “Argos”.
4. The present claim is concerned with two companies who use the name Argos.
5. AUL is a very substantial UK based retailer of non-food consumer products, which began trading in 1973 through both catalogues and retail stores. AUL operates primarily in the UK and the Republic of Ireland, although from about 2011 to 2014 it had a small internet-based presence in Spain. AUL trades under the mark ARGOS, and on 8 January 1996 it registered the domain name www.argos.co.uk (“the AUL domain name”), which it launched as an e-commerce website in around 2004. AUL had a turnover in 2015 in excess of £4bn. It is not in dispute that ARGOS is extremely well known to a substantial proportion of consumers in the UK and the Republic of Ireland in relation to the provision of catalogue and store and internet based retail services.
6. ASI is a company incorporated under the laws of Delaware, USA, on 23 May 1991, which trades from its headquarters in Bedford, Massachusetts, providing Computer Aided Design (“CAD”) systems for the design and construction of residential and commercial buildings. ASI has traded under the name ARGOS since 1991, and earned total customer income of about US \$25m between January 1995 and July 2014. ASI registered the ASI domain name on 8 January 1992, and uses it as a commercial website and for email. ASI trades only in North and South America: it has no clients in the EU, and has made no attempt to enter the European market. ASI is one of a number of companies that are associated with a Finnish company called Vertex Systems Oy (“Vertex Systems”), which helped to develop the Vertex BD building design software the licensing of which comprises the principal part of ASI’s business. If ASI receives an enquiry from a potential customer located outside North and South America, ASI refers it to another, more local, company that is a member of the association.
7. AUL is the proprietor of two EU trade marks, numbered 450,858 (the “858 Mark”) and 2,057,263 (the “263 Mark”). Both relate to the word mark ARGOS. The 858 Mark is registered for *inter alia* “advertising services” in Class 35, and was applied for on 28 January 1997 and registered on 3 March 1999. The 263 Mark is registered for retail and related services in Class 35, and was applied for on 26 January 2001 and registered on 19 April 2006. There is no dispute that the 263

Mark has a reputation in the EU, or that AUL has goodwill in the sign ARGOS in the UK.

8. All of AUL's claims are based on ASI's use of the sign ARGOS in the form of ASI's domain name in conjunction with some versions of ASI's home (or landing) page. AUL's case is that this page has been directed at UK internet users by reason of the display of advertisements placed there through the medium of Google's advertising programmes with the consent of ASI that are, or at least in keeping with the algorithms used by Google appear to be, of interest to UK consumers, including actual or potential customers of both AUL and AUL's competitors.
9. These claims are denied in their entirety by ASI, which counterclaims for declarations of non-infringement in respect of both current and historic versions of ASI's website. ASI also claims an indemnity under a contract made between AUL and Google, on the basis that this contract conferred third party rights on ASI.
10. Jonathan Hill and Maxwell Keay appeared before me for AUL, and Jaani Riordan appeared for ASI. I am grateful to them for their clear and helpful written and oral submissions, which were skilfully presented.

Google Advertising

11. Because the placing of advertisements on ASI's website is at the heart of the case, some understanding of how Google advertising works is necessary in order to make sense of the battle lines which have been drawn up between the parties.
12. Google operates two internet advertising programmes. First, Google AdWords, which offers services to advertisers. Second, Google AdSense, which offers website operators the opportunity to contract with Google for the provision of space for advertising on their websites. Google refers to advertisers who sign up to Google AdWords as "Customers", to advertisements as "ads", and to such website operators as "Partners". Google explains how these programmes work as follows:

"The Google AdWords program enables you to create advertisements which will appear on relevant Google search results pages and our network of partner sites. ... The Google AdSense program differs in that it delivers Google AdWords ads to individuals' websites. Google then pays web publishers for the ads displayed on their site based on user clicks on ads or on ad impressions, depending on the type of ad."
13. In brief, therefore, Google AdWords and Google AdSense are two halves of Google's overall advertising operation. Google acquires advertisements through the

AdWords programme and, through the AdSense programme, Google delivers them to internet locations at which they can be viewed and accessed by consumers.

14. Google's charges for providing that service to advertisers depend on the extent of consumer interest that is generated by the advertisements, as well as the type of advertisement. That revenue is either received by Google alone (in cases where the ads are displayed on Google search result pages alone) or (in cases where the ads are displayed on websites operated by others) it is divided between Google and individual "partner" website operators as agreed between those two parties.
15. The Google AdWords service is offered to customers in the United Kingdom by Google Ireland Limited. ASI placed before the Court three versions of the standard form wording of the contract offered by Google Ireland Limited (referred to therein as "Google") dated 12 July 2006, 6 October 2009, and 10 September 2013. These terms became increasingly complex and detailed over time. They provide (among other things) as follows:

- (1) The 2006 terms provide that:

"... These Terms govern Google's advertising programs ("Program") ... and, as applicable, Customer's participation in any such Program(s), Customer's online management of any advertising campaigns ("Online Management") ... (together the "Agreement"). Google and Customer hereby agree and acknowledge ...

2. The Program. Customer is solely responsible for all: (a) ad targeting options and keywords (collectively "Targets") and all ad content, ad information, and ad URL ("Creative"), whether generated by or for Customer; and (b) web sites, services and landing pages which Creative links or directs viewers to, and advertised services and products (collectively "Services")... Ads may be placed on any content or property provided by Google ("Google Property"), and unless opted-out by Customer on any other content or property provided by a third party ("Partner") upon which Google places ads ("Partner Property").

...

4. Prohibited Uses; License Grant; Representation and Warranties ... Customer represents and warrants that it holds and hereby grants Google and Partners all rights (including without limitation any copyright, trademark, patent, publicity or other rights) in Creative, Services and Targets needed for Google and Partner to operate Google's advertising program for Customer ... in connection with this Agreement ("Use") ..."

(2) The 2009 terms provide as follows:

“This Agreement ... is entered into by you ... (“Customer”/“You”) and ... [Google]. This Agreement covers Your participation in the Programme ...

“Adwords Programme” means Google’s online advertising programme ...

“Creatives” means all ad content, related technology and tags which are subject to the Policies ...

“Google Property” means any website, application, property and/or any other media owned, operated or provided by Google ...

“Partner” means the third party owner and/or operator of a Partner Property

“Partner Property” means any website, application, content, property or any other media owned, operated, or provided by a Partner upon which Google places ads ...

“Programme” means the different types of Google advertising services each as may be more particularly detailed by Google: (i) in the online advertising system; or (ii) in any other document as made available by Google

“Target” means any keyword, negative keyword, category and/or other targeting mechanism ..

2. Placement and targeting

2.1 Google shall use reasonable endeavours to place Customer’s ads in accordance with the placement options made available and selected by Customer ...

3. Costs incurred and Creatives and positioning ...

3.2 Unless otherwise agreed in writing by Google: (i) the positioning of ads on a Google Property or any Partner Property (if applicable) is at Google’s and/or Partner’s sole discretion respectively ...

10. Representations and warranties ...

10.1 Customer represents and warrants that ... (ii) it has all necessary rights to permit and hereby grants Google and any Partners all such rights which are necessary for Google and any Partner(s) to (as applicable) use, host, cache, route, store, modify, distribute, reformat, reproduce, publish, display, transmit and distribute Customer’s ad(s) (including any Targets and all Creatives) (“Ad Use”)

17. Rights of third parties. Except as expressly stated otherwise, nothing in this Agreement shall create or confer any rights or other benefits in favour of any person other than the parties to this Agreement ...”

(3) The 2013 terms provide as follows:

“These ... (“Terms”) are entered into by [Google] ... and ... (“Customer”). These Terms govern Customer’s participation in Google’s advertising programmes and services ... (collectively, “Programmes”). In consideration of the foregoing, the parties agree as follows:

1 Programmes. Customer authorizes Google and ... (“Affiliates”) to place Customer’s advertising materials and related technology (collectively, “Ads” or “Creative”) on any content or property (each a “Property”) provided by Google or its Affiliates on behalf of itself or, as applicable, a third party (“Partner”). Customer is solely responsible for all: (i) Creative, (ii) Ad trafficking or targeting decisions (eg keywords) (“Targets”), (iii) Properties to which Creative directs viewers (eg landing pages) along with the related URLs and redirects (“Destinations” and (iv) services and products advertised on Destinations (collectively, “Services”) ...

5 Warranty and Rights ... Customer warrants that (a) it holds, and hereby grants Google, its Affiliates and Partners, the rights in Creative, Destinations and Targets for Google, its Affiliates and Partners to operate the Programmes ...”

16. AUL is a “Customer” and ASI is a “Partner” for purposes of these terms. Although I have quoted the wording more fully in order to set the important aspects in context, I consider that, for purposes of the issues that arise in the present case:

(1) the crucial part of the 2006 wording is that AUL thereby grants not only Google but also ASI such rights as are necessary for Google and ASI to operate Google’s AdWords online advertising programme;

(2) the crucial part of the 2009 wording is that AUL thereby grants not only Google but also ASI such rights as are necessary for Google and ASI to publish, display, transmit and distribute AUL’s advertisements; and

(3) the crucial part of the 2013 wording is that AUL thereby grants not only Google but also ASI the right to operate Google’s advertising programmes and services (which includes the placing by Google of AUL’s advertisements on any website provided by ASI to Google for that purpose).

17. I also consider that, in relation to those issues, there is no material difference so far as concerns the meaning and effect of these provisions.

ASI's website

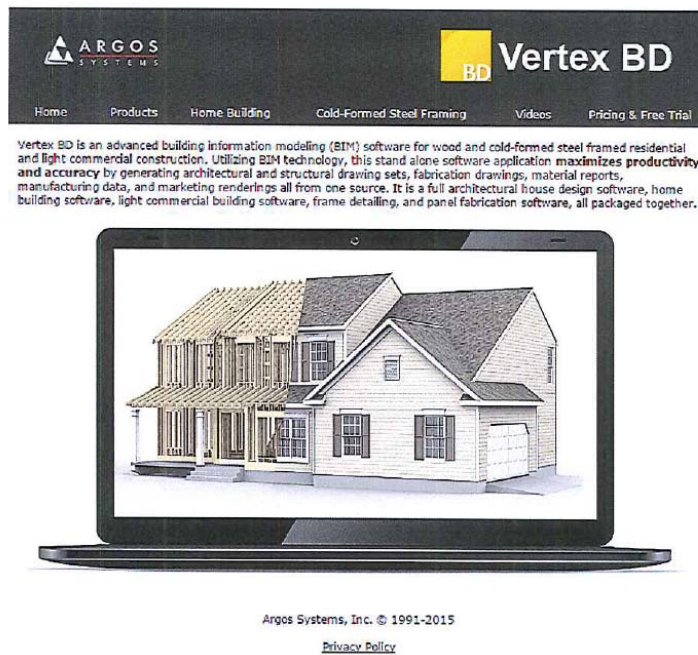
18. ASI's evidence included a number of screenshots of ASI's website at various times. These showed that the following versions of the website existed at different times.
19. *Version 1*: December 2008 to January 2012. This is the first version to include AdSense ads. It was shown to all visitors to argos.com during this period, subject to periodic changes (e.g. the use of "lite" home or landing pages during periods of peak visitor traffic). This version consisted of a landing page and sub-pages which were accessed from the landing page. The landing page looked like this:



20. *Version 2*: January 2012 to December 2014. At this time ASI introduced a configuration of the website which featured two different versions of the home or landing page, using geo-targeting source code to secure the result that the version which included AdSense ads was not displayed to visitors detected as coming from the Americas but was displayed to all other visitors regardless of their location. The content of the website was otherwise the same. The version of the home page which was displayed to visitors from outside the Americas looked like this:



21. *Version 3:* January 2015 to 8 September 2015. The design of the website was modernised, but the landing page and the ad configuration remained the same.
22. *Version 4:* 9 September 2015 to the present time. This is the current version, which does not contain any ads. The home or landing page looks like this:



23. ASI's case is that these screenshots show what would have been seen by the average consumer who accessed ASI's website at different times from the UK or another EU member state.
24. ASI's evidence also included website statistics for argos.com which had been automatically recorded using a Google platform called Google Analytics for the period since January 2012. These statistics revealed the following:
 - (1) An average of 89% of traffic to ASI's website is from the UK.
 - (2) However, 85% of UK visitors leave the website after 0 seconds, and the median session duration is under 10 seconds. (ASI accepted that the average session duration is 21 seconds for UK users, but suggested that this result was probably skewed by a small number of users who may have left the page open on their computers). Irish visitors behave similarly.
 - (3) The "bounce rate" (percentage of single-page visits) was 88% overall, or 99.98% of the UK and Irish users who visit for under 10 seconds.
 - (4) Almost no UK users click past the landing page: out of 7.3 million sampled UK sessions, 7.2 million "dropped off" the home page.
 - (5) 90% of users accessed argos.com by typing the URL in directly to their web browser's address bar, and only 2% of traffic was search or referral. Of the users who typed, the bounce rate was even higher: 98.83% on the homepage.
 - (6) After the ads were removed by ASI in September 2015, these statistics did not materially change.
25. Mr Patmore accepted that these statistics were likely to be more reliable than information relating to the same subject matter available to AUL. In any event, the evidence adduced by AUL did not present a radically different picture. For example, AUL's disclosure included two emails dated 16 September 2013 and 14 November 2013 from Dave Thomas of Netnames to various individuals at AUL, which contained the following information regarding traffic to argos.com:
 - (1) 79.3% bounce rate according to the earlier email (described by Mr Thomas in that email as those "leaving the site immediately"); 89.04% bounce rate according to the later email.

- (2) In the earlier email, Mr Thomas stated that of the 20.7% not bouncing he believed that the majority of this traffic was navigating through AdSense.
- (3) 51.9% traffic from the UK according to the earlier email; 90.76% according to the later email.
- (4) According to the earlier email, 2.9% of visitors come through a search engine and 97.1% directly navigate to the site. Mr Thomas commented with regard to the latter figure: “this is all misdirected traffic with over 50% meant for argos.co.uk”.
- (5) According to the later email, the average visit duration was 22 seconds, and the average number of pages viewed per visit was 1.16.
- (6) Mr Thomas further commented as follows with regard to traffic drivers:

“Mobile devices give priority [to] .com over cctld in direct navigation.

A certain percentage of users expect Home Retail Group to own argos.com (this is demonstrated through the above traffic figures).

Once a consumer navigates to argos.com through Google Chrome’s omnibox priority is given to argos.com over argos.co.uk in all future searches until the user clears their history (i.e. repeating traffic to argos.com). Note Google Chrome has circa 30% market share in UK.”

26. ASI contended that these statistics supported the conclusion that the average consumer (as represented by this very large sample of millions of UK internet users from 2012 to 2015) would not regard the contents of ASI’s website as being meant for them, and that if s/he mistakenly accessed argos.com s/he would very quickly realise that the website has nothing to do with AUL and would rapidly leave it.
27. For its part, AUL placed emphasis on a number of matters concerning the way in which the ASI website had been configured at different times.
28. AUL’s contentions included that: (a) the documents disclosed by ASI suggested that one driver for introducing AdSense advertising was to “make money simply by putting ads [on the home page]”; (b) ASI realised that ads for AUL would be displayed on the website, as indeed they were; (c) it is reasonable to infer that ads for AUL’s competitors would also have been displayed on the website to UK internet users; (d) the re-configuration of ASI’s website to display different versions of the home page to visitors from the Americas and to visitors from the rest of the world was carried out with a view to maximising revenue (which ASI

knew would be substantially derived from UK based internet traffic) while at the same time not adversely impacting on ASI's software business; and (e) even after AUL gave instructions to Google for the ASI domain name to be removed from AUL's advertising programme, such that AUL's ads ceased to be displayed on ASI's website, ads for AUL's competitors continued to appear there.

29. AUL's overarching submissions included that (i) ASI is not an internet business, and while ASI's website might be useful for conveying information about its products and services it was not critical to ASI's business and (ii) the true nature of ASI's activities summarised above is that ASI was conducting a secondary ad-based business in the UK which was independent of ASI's American activities.

The claims in outline

30. AUL's claims for trade mark infringement are brought under Articles 9(1)(a) and 9(1)(c) of the applicable Community Trade Mark Regulation (Council Regulation (EC) No 207/2009 on the Community trade mark) ("the Regulation"), which provide:

"Rights conferred by a Community trade mark

1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:
 - (a) any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered
 - ...
 - (c) any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark."

31. AUL did not object, and accepts that it could not have objected, to ASI's use of the ASI domain name for email and as a simple website promoting its CAD software and related services. AUL's analysis throughout has focussed on the use of ASI's domain name in conjunction with ads: for example, AUL's closing submissions state that "... the use of [ASI's] domain name in relation to a webpage bearing ads, as complained of, does indeed amount to use of a sign identical to [AUL's] trade

mark in relation to services which takes unfair advantage of the distinctive character and repute of [AUL's] trade mark and for which there is no due cause”.

32. By no later than 2004, however, a substantial number of people based in the UK and Ireland who wanted to visit AUL's website were visiting ASI's website by mistake. It seems probable that this was largely due to UK consumers guessing that argos.com is AUL's website address, and typing that address into their web browsers or internet searches accordingly. By participating in the Google AdSense programme between about December 2008 and September 2015, ASI was able to generate advertising revenue from visitors to ASI's website, many of whom were visiting that website in the mistaken belief that argos.com was the website address of AUL. A number of the advertisements which were placed on ASI's website in this way were for AUL, and such advertisements were placed on ASI's website by Google as a result of AUL's participation in the Google AdWords programme.
33. One of AUL's central claims is that ASI's use of the ASI domain name in these circumstances was abusive, because it amounted to unfair free-riding on, and was liable to damage, the distinctive character and reputation of AUL's trade marks. AUL also claims that this use confused a significant number of internet users. The fact that a number of the material advertisements related to AUL added insult to injury, because it meant that part of the payments made by AUL to Google for clicks on these advertisements were received by ASI, such that, on AUL's case, AUL was paying ASI for carrying out activities which infringed AUL's rights.
34. It was common ground that the conditions which need to be satisfied for a claim under Article 9(1)(a) to succeed were correctly stated by Arnold J in *Supreme Pet Foods Ltd v Henry Bell & Co Ltd* [2015] EWHC 256 at [83] as follows:
 - “(i) there must be use of a sign by a third party within the relevant territory;
 - (ii) the use must be in the course of trade;
 - (iii) it must be without the consent of the proprietor of the trade mark;
 - (iv) it must be of a sign which is identical to the trade mark;
 - (v) it must be in relation to goods or services which are identical to those for which the trade mark is registered; and
 - (vi) it must affect, or be liable to affect, one of the functions of the trade mark.”
35. There was no dispute about conditions (ii) and (iv), and AUL contends that the other conditions are also satisfied.

36. It was also common ground that the conditions which need to be satisfied for a claim under Article 9(1)(c) to succeed were correctly stated by Arnold J in *Enterprise Holdings Inc v Europcar Group UK Ltd* [2015] EWHC 17 (Ch); [2015] FSR 22 at [119] as follows:

- “(i) the trade mark must have a reputation in the relevant territory;
- (ii) there must be use of a sign by a third party within the relevant territory;
- (iii) the use must be in the course of trade;
- (iv) it must be without the consent of the proprietor of the trade mark;
- (v) it must be of a sign which is at least similar to the trade mark;
- (vi) it must be in relation to goods or services;
- (vii) it must give rise to a ‘link’ between the sign and the trade mark in the mind of the average consumer;
- (viii) it must give rise to one of three types of injury, that is to say, (a) detriment to the distinctive character of the trade mark, (b) detriment to the repute of the trade mark or (c) unfair advantage being taken of the distinctive character or repute of the trade mark; and (ix) it must be without due cause.”

37. There was no dispute about conditions (i), (iii), (v) and (vi), and AUL contends that the other conditions are also satisfied.

38. With regard to passing-off, the elements of the claim were set out in *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341, by Lord Oliver at 406:

“The law of passing off can be summarised in one short general proposition – no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying “get-up” (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that

there is little or no public awareness of the identity of the proprietor of the brand name. Thirdly, he must demonstrate that he suffers or, in a quia timet action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

39. AUL submitted that this authority leaves room for something like “initial interest confusion” in passing off, provided that the misrepresentation, even if dispelled by subsequent conduct, has already been the effective cause of damages, and that this was acknowledged by David Richards J in *Knight v Beyond Properties* [2007] EWHC 1251 (Ch) [2007] FSR 34 at [80].

40. AUL submitted that a defendant also commits the tort of passing off where he equips himself with an instrument of fraud, relying on *British Telecom Plc v One In A Million Ltd* [1999] FSR 1 (“*One in a Million*”), Aldous LJ at p18:

“Whether any name is an instrument of fraud will depend upon all the circumstances. A name which will, by reason of its similarity to the name of another, inherently lead to passing off is such an instrument. If it would not inherently lead to passing off, it does not follow that it is not an instrument of fraud. The court should consider the similarity of the names, the intention of the defendant, the type of trade and all the surrounding circumstances. If it be the intention of the defendant to appropriate the goodwill of another or enable others to do so, I can see no reason why the court should not infer that it will happen, even if there is a possibility that such an appropriation would not take place. If, taking all the circumstances into account the court should conclude that the name was produced to enable passing off, is adapted to be used for passing off and, if used, is likely to be fraudulently used, an injunction will be appropriate.”

41. AUL submitted that in that case the defendants’ mere registration of a domain name comprising the name Marks and Spencer was held to constitute passing off, on two bases: first, that the registration made a false representation to persons consulting the domain name register that the defendants were associated or connected with Marks and Spencer; and, second, that the domain name comprising the name Marks and Spencer was an instrument of fraud in that any realistic use of it would result in passing off. The defendants’ arguments to the effect that their registration of other domain names comprising other well-known trade names (e.g. Sainsbury, Virgin) were not inherently deceptive as there are people with such names and other companies whose names incorporate such words was rejected both at first instance and on appeal because, although those domain names could have been used innocently, that was not the use that the defendants had intended (see [1998] FSR 265, 273 at first instance and [1999] FSR 1, 24 on appeal).

42. AUL submitted that the present case falls within the conventional domain name analysis given in *One in a Million* and followed in many cases since then, including *Tesco Stores Ltd v Elogicom Ltd* [2007] FSR 4 (a decision of Mr Philip Sales, sitting as a Deputy High Court Judge, upon which Mr Hill placed considerable reliance). First, the registration of ASI's domain name misrepresents to the UK public that ASI is connected with AUL and ASI's domain name itself constitutes an instrument of fraud, because any use of it within the UK would be liable to misrepresent, given AUL's enormous goodwill and reputation. Second, the use of ASI's domain name in the UK amounts to a damaging misrepresentation. Initially, internet users believe that a website denoted by ASI's domain name is one for which AUL is responsible. Although some of them will realise when they get to ASI's website that it is not connected to AUL, by then damage is a *fait accompli* because they are highly likely to click on an ad for AUL or its competitors. With other customers the confusion will never be dispelled, because they will click on an ad very rapidly without realising that ASI's website is unconnected to AUL.

The defence in outline

43. Before setting out its substantive defences, ASI made some preliminary points.
44. While ASI accepted that the traffic from visitors to ASI's website who get there by mistake dwarfs the number of visits from ASI's customers, ASI also contended that (a) this has caused serious bandwidth and other problems and real expense for ASI and (b) moreover, this traffic is fleeting and trivial, because (as the above statistics show) such visitors immediately realise their mistake and leave ASI's website.
45. In nearly 7 years, the ads generated about US \$100,000 in revenue for ASI, and ASI contended (a) that this sum was tiny relative to either party's business, and (b) that it used this sum in part to offset the costs of the bandwidth and infrastructure needed to host ASI's website, as a result of the many visitors who, through no fault of ASI's, speculatively guessed the address "www.argos.com".
46. As against this, where AUL's own ads were clicked on by internet users, this generated significant profits for AUL when those users thereafter proceeded to purchase goods from AUL.
47. In July 2013, AUL decided to blacklist its ads from appearing on ASI's website. As soon as it received AUL's complaint in May 2014, ASI also took steps intended to stop AUL's ads from appearing (as they had continued to do to some extent even after AUL had tried to block them). In September 2015, ASI disabled ads entirely.

48. ASI argued that the ads themselves are a red herring. AUL's claim relates to the use of the sign ARGOS in ASI's domain name and references to the word ARGOS on ASI's website. AUL does not complain about the contents of ads themselves.
49. ASI submitted that the claim failed for the following principal reasons:
- (1) No act has been performed within the territory of AUL's rights, because ASI's website did not target consumers in the UK or the EU. The average consumer who sees the website from the UK would not regard the material as directed at them. In particular, it is ASI's evidence that of the UK visitors who type in "argos.com", the median visit duration is under 10 seconds, and 98.83% "bounce" off the home page of ASI's website without proceeding any further. Further, the fact that ASI did not show the ads to American visitors (i.e. ASI's potential customers) does not mean ASI was targeting foreign visitors, because no foreign visitor who saw the page with the ads would think it was meant for them: they would see from the website that ASI has no trade in the UK or anywhere else in the EU; that ASI does not seek to sell its software to European customers; and that ASI's website only accepts inquiries and only allows downloads from American customers and rejects inquiries from elsewhere.
 - (2) AUL has consented to the acts complained of. AUL chose to participate in the Google AdWords programme as an advertiser for many years, on terms under which it consented to the display of ads on all Google network properties (including ASI's website), and also gave an indemnity to ASI for ad-related claims which is directly enforceable by ASI. Further, ASI contends that AUL placed specific ad campaigns on ASI's website for several years and chose not to remove them because they performed well according to AUL's key metrics.
 - (3) In any event, ASI is not doing anything which adversely affects the functions of AUL's trade marks. Reasonably observant internet users can readily distinguish ASI's website and ads from AUL, as the visitor statistics for ASI's website clearly demonstrate. ASI has used the ASI domain name for many years alongside AUL's use of AUL's domain name without any complaint, both before and after the Google ads were being displayed on ASI's website.
 - (4) ASI has never used the sign ARGOS in relation to the identical services relied upon by AUL (namely "advertising services"). ASI does not offer to sell advertising services to anyone; it merely provides a medium of diffusion. Advertisers who join the Google AdWords programme do not acquire such

services from ASI and have no direct contact with ASI at all. Any advertising services that are material in the present context are supplied by Google.

- (5) The only use of the sign ARGOS by ASI is limited to ASI's domain name itself and references to ASI's own name on its website. ASI's use of its own name is in accordance with honest practices pursuant to Article 12(a) of the Regulation: ASI adopted its name in 1991 in ignorance of AUL; ASI registered ASI's domain name in 1992, long before it heard of AUL in this jurisdiction; and no complaint was made by AUL until 2014. ASI is just one of millions of traders who participate in the multi-billion pound Google AdSense programme, which is the gold standard used by countless other reputable websites, including the BBC, CNN and others.
- (6) There can be no unfair advantage taken, or detriment caused, to the distinctive character or repute of AUL's 263 Mark. No link is formed by the average consumer as a result of ASI's conduct, since users who "guess" the URL do so *before* ASI has done anything. Once the ordinary internet user sees ASI's website, any presumption immediately dissipates, because it looks nothing like AUL's website. The fact that ASI has benefited from displaying AdSense ads is insufficient to constitute taking "unfair advantage" of AUL's trade mark.
- (7) ASI's use of the sign complained of is with "due cause" within the meaning of Article 9(1)(c) of the Regulation. ASI is not seeking to imitate AUL's goods. ASI's registration of the ASI domain name pre-dated the filing of either of AUL's applications for the trade marks relied upon. ASI's consistent and longstanding internet use amounts to use with "due cause".
- (8) The passing off claim adds nothing and must fail for similar reasons: there is no targeting, no likelihood of deception, no misrepresentation, and no damage. On no plausible view is ASI's domain name an instrument of fraud: it is not inherently deceptive.
- (9) In any event, the Court should decline to grant any equitable relief — including an injunction or account of profits — due to AUL's acquiescence in ASI's use of the ASI domain name since at least 1996, and the need to avoid unjustly enriching AUL by means of its own (highly profitable) ads which it placed on ASI's website for several years and about which it now complains.
- (10) ASI seeks declaratory relief by way of counterclaim, and brings a further counterclaim under the AdWords indemnity which is directly enforceable against AUL under the Contracts (Rights of Third Parties) Act 1999.

The witnesses

50. AUL called the following witnesses:

- (1) Martin Cohen. Mr Cohen joined AUL in 2010, and was at all material times a Senior Legal Advisor, with responsibility for this case. He became aware of the existence of argos.com in 2013. He went over the history (rehearsed below by reference to the contemporary documents) of AUL's unsuccessful attempts to purchase argos.com from ASI. He also gave evidence about ASI's activities based on disclosure documents and "Wayback Machine" snapshots. Mr Riordan submitted that Mr Cohen's evidence was argumentative, and should be given little weight. I will return to these criticisms below.
- (2) Paul Barrett. Mr Barrett was Head of Legal at AUL's parent, Home Retail Group plc, until its recent acquisition by J Sainsbury plc, when he became Head of Legal at AUL. He became aware of argos.com before 2006. He dealt with AUL's business, AUL's website and customers, and AUL's concerns about ASI's website. Mr Riordan submitted that his evidence (both written and oral) was argumentative, and that in cross-examination he repeatedly failed to answer the questions put to him and relied on explanations that are unsupported by any documents, especially when asked to focus on each of his stated "concerns" about ASI's website. Accordingly, Mr Riordan invited me to treat his evidence with caution, save where it is supported by contemporaneous documents. I discuss these criticisms further below.
- (3) Daniel Patmore. Mr Patmore joined AUL in 2008, has held senior roles in relation to pay per click ("PPC") marketing since May 2010, and has been the Search Strategy Manager for AUL since October 2013. He gave evidence about AUL's online advertising, Google campaigns, and AUL's website. Mr Riordan made no criticism of his evidence. I consider that he was an excellent witness: he was knowledgeable, fair, and made concessions as appropriate.
- (4) Thomas Keane. Mr Keane is a solicitor who formerly worked for AUL's solicitors in these proceedings. He gave evidence that, in order to demonstrate that ASI was using argos.com "as part of a scheme to abuse the Goggle AdSense advertising mechanism" he was instructed by AUL's legal team to conduct what he described as "an online experiment in relation to argos.com". He did this on six occasions on 2, 13 and 14 May 2014, beginning by clearing his Internet Explorer browser on each occasion. In substance, he set out to establish what AdSense advertisements were presented to UK based visitors to argos.com (a) when initially visiting ASI's website with a clear browser history and (b) when returning to that website

after having visited (i) AUL's website and (ii) websites for AUL's competitors (and no other websites). Although the admissibility of his evidence was contested by ASI, I allowed it in. However, I agree with Mr Riordan that Mr Keane's conduct did not replicate that of the average consumer, and that his visits to ASI's website did not replicate what the average consumer would experience when visiting that website. On the contrary, although the details of how this is achieved by Google's algorithms are not in evidence, it seems clear that the ads which will be displayed to the average consumer will be affected in many instances by that consumer's browsing history. Whenever Mr Keane visited the ASI website, his browser history was not that of an average consumer, and, so far as the display of ads is concerned, it was therefore likely to produce results which were distorted.

51. While I do not question their honesty, in my judgment both Mr Cohen and Mr Barrett had a tendency to attempt to further AUL's corporate position both generally and in this litigation, and to argue AUL's case. Accordingly, I found their evidence less helpful than it might otherwise have been. It suffices to give one example, namely Mr Barrett's evidence concerning the four email chains which are said by AUL to support the conclusion that ASI's website caused confusion to consumers and led them to believe that it was connected with AUL. Mr Barrett is right in saying that these emails are from customers who were confused, and who contacted ASI in error when they truly wanted to contact AUL. However, if the emails are considered objectively, I consider that it is clear that this confusion was the product of the carelessness of the consumers and not due to anything said or done by ASI which was confusing. In my judgment, his evidence about these emails is little more than argument, and his failure to look at what they show more thoroughly and less partially led him to take a bad point on behalf of AUL.

52. ASI called the following witnesses:

(1) Mr Pekka Moilanen. Mr Moilanen is the CEO of ASI and has managed all aspects of the business since his appointment in early 2014. He gave evidence about targeting, ASI's business and target markets, the history of ASI's website, ASI's marketing, and the current dispute. Mr Moilanen's witness statement dealt with a number of matters which pre-dated 2014. Accordingly, as he accepted, he had no direct knowledge of these matters, and his evidence was based on documents and conversations with other personnel at ASI. Although he spoke good English, that is not his first language, and I believe that he had genuine difficulty in understanding some of the questions put to him by Mr Hill. Although this made assessment of his evidence more complicated, I found him to be an honest witness. This is in spite of the criticisms which were made of him by Mr Hill, which I discuss below.

- (2) Mr Jonathan Fox. Mr Fox is ASI's Senior Support Engineer, who was employed throughout the period in question and was involved in managing ASI's website, including Google AdSense. He gave evidence about ASI's domain name, the ads, the AdWords and AdSense programmes, and visitor traffic to the website. I consider that he was a very good witness. He was very knowledgeable about the matters covered by his evidence, and gave full and clear answers the questions asked in cross-examination. He sometimes took a while to begin his answer, but I do not believe that this was because he was crafting a reply. In my assessment, it was for two main reasons: first, he had genuine difficulty in understanding the thinking behind some of the questions he was asked; second, he took care to be accurate in his answers. I address the criticisms which were made of Mr Fox by Mr Hill further below.
53. In my view, although, as I have made clear, I found them honest, and, ultimately, this did not undermine their direct evidence, the witness statements of both these men contain a quantity of material which is in the nature of argument, or, at least, a pulling together of more or less forensic points concerning documents and events about which they are not in a position to give personal, first hand evidence. This led them to put forward as their own evidence many statements which were, on proper analysis, not for them to make, and which, in a number of instances, they were unable to sustain when questioned; and it is in these respects that their evidence became vulnerable to criticisms of the kind which Mr Hill advanced against it.
54. The main criticisms which were made of Mr Moilanen related to the following matters: (1) there was an issue about disclosure of the four email chains relating to customers, which Mr Moilanen explained arose out of an honest mistake on his part in not attaching them to email that he sent to AUL's solicitors, but which was put right when a search was conducted again, and the emails were re-discovered and disclosed; (2) there was an issue about whether ASI incurred website expenses such as hosting costs, which Mr Moilanen claims to have answered by pointing to documents which show more than US \$1m in overall marketing expenditure; (3) there was an issue about evidence contained in Mr Moilanen's first witness statement which related to events in 2004, which Mr Moilanen explained was part of a narrative prepared by ASI's lawyers based on the documentary materials and instructions he provided for purposes of an interim application; and (4) Mr Moilanen was criticised for not speaking with Panu Outinen (who, although not a director of ASI, was a senior officer of ASI) about Mr Outinen's intentions and motivations, which Mr Riordan submitted was not a valid criticism because ASI did not regard Mr Outinen's stance as being of any great relevance, as Mr Outinen had no formal decision-making role at ASI, and put forward ideas in an idiosyncratic style, very few of which were taken up by ASI's board.

55. Among the points which were put to Mr Fox were the following: (1) it was suggested that his witness statement had been drafted by his lawyers, which he sought to answer by saying that it was a collaborative effort in which he had participated; and (2) it was suggested that the non-American version of ASI's landing page had been configured to maximise the effectiveness of the ads, and that the source code relating to that page had been adopted with a view to improving advertising revenue, which he answered by explaining that the purpose of the changes was to minimise bandwidth consumption and server load, and by stating that while Mr Outinen's concern may have been to maximise advertising revenue, the main concern of himself and other (unidentified) employees of ASI was "to provide the quick and easy access for the unwanted visitors to leave the page".
56. As I have already indicated, I consider that there is validity in the criticism that the statements of these witnesses contained a quantity of material that, on proper analysis, was not evidence for them to give. Mr Moilanen was also partly to blame for ASI's failure to provide initial disclosure of the "confusion" emails. However, I acquit both Mr Moilanen and Mr Fox entirely of any intention or attempt to mislead the court. I also decline to draw adverse inferences from ASI's failure to call Mr Outinen as a witness (see *Wisniewski v Central Manchester Health Authority* [1998] PIQR 324, Brooke LJ at 340), for two principal reasons. First, I am satisfied that Mr Outinen's stance concerning ads is evident from the contemporary documents. Second, I am satisfied that Mr Outinen's views were not shared by others at ASI, and especially Mr Fox, whose prime concern was that the configuration of ASI's website should serve the needs of ASI's "real clients" and should make clear that ASI was a CAD software company. Accordingly, I consider that there is no need or warrant to resort to inferences. Looked at more generally, points of the kind discussed above were not of great relevance to the central issues.
57. In fact, I consider that those aspects of the oral evidence which remained substantially in dispute and which depended on an assessment of the credibility of the witnesses were of relatively limited significance overall. In some instances, the resolution of the issues which I was called upon to decide depended, either wholly or substantially, on facts which were not materially in dispute. Further, even where there were conflicts of oral evidence which might be said to be of importance, I consider the contemporary documents provide a tolerably clear guide to the truth.
58. I turn to consider some of the matters to which those documents relate.

AUL's documented attitude towards ASI's website

59. AUL's disclosure included emails and other documents relating to the period between July 2013 and April 2014. Some of these emails passed between AUL's

advertising agents Summit Media Limited (“Summit”) and Mr Patmore and others at AUL; others were internal emails passing between various individuals at AUL (including Bertrand Bodson, who joined AUL in 2013 as its first ever digital officer, later becoming Chief Digital Officer); still others passed between AUL and David Thomas of AUL’s domain name agents, who were called Netnames.

60. An email from Summit to Mr Patmore and others dated 4 July 2013 states: “We now have a view of the performance for the past 3 months for the argos.com site. As a placement it had been performing well and has therefore not been excluded during our optimisation”. The email contains a table which includes the following statistics: “Impressions 265,521; Clicks 19,763; CTR [i.e. Click Through Rate] 7.44%; Sales 1,631; Revenue £106,214”. The email continues: “Spend circa £300 per month. Rev circa £34,000 a month ... You would probably argue that it should be there – at least it stops people having to re-search and find an Argos click through. Conversely turning it off would not have a massive impact”.
61. Later the same day, Mr Patmore replied: “Thanks for this data. Please can we exclude this website from all future activity”. He also sent an internal email stating “We have only generated £100k in the last 3 months, so there is no major risk to our campaigns. I have asked Summit to exclude argos.com from now on”.
62. On 5 July 2013, Summit provided a list of steps taken in response to ad hoc requests from AUL which included: “Argos.com removed as a placement from all GDN [i.e. Google Display Network] campaigns – Done”.
63. On 20 July 2013, Mr Bodson sent an email saying that “There is another one that I absolutely want to get: Argos.com”. Later the same day, Mr Bodson sent another email asking Mr Barrett for his views on “the best approach to get” argos.com.
64. On 5 August 2013, Mr Cohen recorded that the argos.com domain “is of increased importance to us”.
65. On 28 August 2013, AUL’s head of brand marketing, Carl Nield, recorded that argos.com “is likely to be a considerable investment”.
66. On 9 September 2013, Mr Bodson sent an email to Mr Patmore and others stating: “Do you know how much traffic/revenue we are getting for ‘Argos.com’ (web but also mobile/tablets as there is a big ‘.com’ on those that prospective customers might take [as] a shortcut? ... Basically, we are in discussion with the owner of the domain ... [We need] to see what value we could put on it. I’m hoping that we can get it”.

67. Mr Patmore's answer, sent the following day, included the following: "Having a quick look on site catalyst for 2012, argos.com as a referring domain generated 2,653 visits and a £6,180 revenue ... Looking in hitwise approximately 75% after leaving argos.com are to our web/mcomm sites".
68. On 10 September 2013, Mr Bodson recorded "We'll make a first 'low' bid and play hardball".
69. On 16 September 2013, Mr Thomas sent an email to various individuals at AUL, which contained the information regarding traffic to argos.com that I have already summarised above.
70. On 20 September 2013, Mr Patmore sent an email raising a possible "disconnect" between Mr Patmore's figures and those provided by Mr Thomas, adding: "To give some comparison, this is performing a lot better than our total activity in this space – click thru rate of 0.23%, conversion 5.5% and gives an indication of how many people are actually looking for us when on the domain". This email was forwarded to Mr Thomas, who replied: "It's impossible for me to say unless I had access to the analytics data from the owners – which they are unwilling to divulge until we have placed an offer that they would consider serious".
71. On 4 October 2013, there was an exchange of emails between Mr Thomas and Mr Patmore. Mr Thomas produced some calculations which suggested that the revenue generated for ASI by argos.com was in the region of £11,400-£27,672; Mr Patmore replied that yearly earnings of "£54-£242k" might be more representative.
72. On 6 October 2013, Mr Bodson sent an internal email discussing "the right entry bid" for argos.com. He explained that what made the ASI domain name "particularly attractive" to him was: "(1) improved SEO which by itself probably has bigger impact than (sic) all considerations above; (2) will become increasingly important for us on tablet/phones there is a '.com' key; (3) they increasingly send to our competitors – eager to stop this".
73. On 8 October 2013, Mr Bodson sent an email to Google, stating "In confidence, we are looking at making a buying (sic) the 'Argos.co,' domain. Really silly for us not to have this in my opinion", and asking Google if it could provide data that "Will help [us] get a sense of what offer we should consider doing to the domain owner".
74. On 9 October 2013, Google replied with information said to be obtained from "public data sources" which "there's no harm in sharing". The data provided suggested that argos.com had: "100-200k page views per month; 70-100k unique visitors per month".

75. On 4 November 2013, Mr Cohen informed Mr Patmore that he had been looking at Google's AdSense terms, and asking whether Mr Patmore considered that "the number and placement of ads on [ASI's] website puts them in breach of this policy". Mr Patmore sent email in response which, in sum, replied in the negative.
76. On 14 November 2013, Mr Cohen reported to Mr Bodson that ASI had refused AUL's offer, that the latest information "indicates that, in a year, Argos.com receives 2.5m unique visits, 90% of which come from the UK, that "the owners casually indicated that they would be expecting a 7 figure offer", and that "it is now down to us to go back with a revised offer".
77. On 30 December 2013 and 2 January 2014, Mr Patmore sent emails saying that the latest data provided by ASI had caused him to revise his view of the value of argos.com, because "we previously underestimated the traffic argos.com was receiving in the UK", and that "it feels like the next step is to decide on a new bid that we are comfortable with".
78. On 6 January 2014, following a lot of internal discussion about prices and tactics, Mr Cohen sent an update to Mr Bodson stating that Netnames would put forward a revised offer from AUL "with the justifications we have provided".
79. On 24 January 2014, Mr Thomas reported back to Mr Cohen as follows: "Finally caught up with the owner and had a lengthy discussion regarding the sale – realistically they have no interest in entering negotiations with our revised budget – no counter offer was given".
80. On 27 January 2014, Mr Thomas sent an email recording that AUL's offer had been "flatly refused" and that ASI's response "suggests they genuinely aren't interested", and suggesting that AUL should "raise the offer to the max budget", although "My gut feeling is that the offer will be rejected again".
81. Also on 27 January 2014, Mr Cohen reported to Mr Bodson that ASI had rejected AUL's offer, that in order to keep ASI's attention AUL needed to consider a "dramatic increase", and that: "On a side point I have been exploring potential legal remedies against the owners (to be used as 'sticks' in negotiation). Initially these are somewhat limited given our lack of trade mark rights in the US and the existence of their 'legitimate' US business".
82. On 25 February 2014, Mr Cohen sent an email to Mr Bodson and others, stating: "We are presently following up on our legal options for Argos.com with a view to putting across the (potential) ... carrot/stick offer we discussed". Mr Cohen referred to information which had been gathered by Netnames which showed that

argos.com displayed no ads in the USA, and commented “this will certainly aid any legal argument we choose to make over the targeting of their ads”. Later the same day, Mr Barrett sent a reply stating simply “Interesting!”

83. Also on 25 February 2014, Mr Bodson sent internal emails recording that a meeting had been held with legal and financial personnel at AUL to change AUL’s approach to argos.com because “the owner is clearly not playing ball at the levels we are currently at”. The new approach involved making an increased offer, but it was also the case that: “Legal has found a way to put some legal pressure too”. The emails concluded: “Will offer a next bid in between but apply pressure at the same time”.
84. On 20 March 2014, Mr Cohen sent an email to Mr Patmore with regard to argos.com, stating that Mr Bodson “is getting keener that we explore all possible avenues (which at this stage touches on the legal approaches we can make)”.
85. On 1 April 2014, Mr Patmore recorded that he had checked the ASI source codes which had been supplied to him by Netnames and that “they aren’t serving up the AdSense code in the US, so it is intentional not to show it in the US”.
86. It is clear from these documents that, throughout this period, AUL had no real concerns that ASI’s activities were giving rise either to infringement of AUL’s trade marks or to passing off. AUL’s interest in the nature and extent of the traffic which was attracted to ASI’s website was primarily as a means of assessing the value to ASI of ASI’s domain name, so that AUL could make an offer to buy argos.com at a price which AUL could put forward to ASI as having commercial justification. The potential grounds for legal complaint which were identified by AUL were sought to be deployed not as a basis for legal proceedings but rather as a negotiating tool. By the time the letter before claim was sent on 30 May 2014, AUL had known for many months of most the matters of significance which AUL relies on in this claim, and for three months that ASI had created two different versions of its website.

ASI’s documented attitude towards AUL and Google advertising

87. In support of its case that by no later than June 2006 ASI knew about AUL and that a substantial number of AUL’s customers were accessing ASI’s website when seeking to access AUL’s website, AUL relied on the following principal documents:

- (1) An email dated 1 December 2004 from Mr Outinen to James C Risch which included the following “So maybe just including a link to this d*mn [sic] www.argos.co.uk would help?! ... Just having a textual page with two links one pointing to www.argos.co.uk and the other for the real thing should fit in even 1KB so the traffic would drop to 5.2MB/day=150MB/month ... And one option of course is to sell the argos.com domain name (for good price :-) Or maybe getting some money from them for this linking? ... Of course some nasty things also comes to mind :-)”.

- (2) Emails passing between Pertti Vuilli and Mr Outinen between 21 November and 2 December 2005, which included the following: (a) “Due to a mail order company www.argos.co.uk we get large numbers of hits on our web site especially before holidays”; (b) “Yes, I’m aware of this “problem”. I once checked the log files and the problem is really that simple that people type directly to their web browsers either www.argos.co.uk or argos.com and then they usually understand their mistake and go away...”; (c) “Have you considered that www.argos.co.uk might buy the domain name argos.com? Let’s say we transfer these wild customers to their competitors if they don’t assist or donate money for a link to their web site...”; (d) “This has the bonus of www.argos.co.uk people to see how many people actually come through argos.com and have thus some value to negotiate a deal so to speak :-)”;
- (e) “Good ideas. I will contact Argos in UK to find out how interested they would be”; (f) “I will start to investigate the possible interest of Argos UK in our web site”; (g) “Let’s do some background checking of THEM and their “ability” to pay/donate ... So their sales is 3.5 billoin [sic]!! They’re growing!! They truly sell through a web site!!”; and (h) “BUT like I said earlier let’s put a simple front page for <http://www.argos.com> like the one in <http://vertex.fi> that has two links: one for the actual web site of current www.argos.com (maybe with a small logo) and another one that points to <http://www.argos.co.uk> (maybe even with A LINK TO THIS (not a copy of otherwise it’s (sic) adds to the [argos.com](http://www.argos.com)’s traffic http://www.argos.co.uk/wcsstore/argos/en_US/images/p0/argosLogo.gif..... Isn’t that’s a good position to start negoating [sic] with them for anything :-)”.

- (3) Emails passing between Hannu Heinio and Mr Outinen dated 1 and 2 June 2006, which included the following: “...are you aware of that there are lot’s (sic) of miss hits from people from UK trying to get to www.argos.co.uk (shopping place!), they used to generate GIGA BYTES [sic] worth of unneeded traffic???” and “What are those suggestions about www.argos.co.uk ?”.

88. In support of its case that issues relating to the bandwidth of ASI's website by this substantial traffic were resolved or virtually resolved by, at latest, November 2008, AUL relied on an email dated 1 June 2006 from Mr Outinen to Mr Fox and Hannu Heinio and on emails passing between "Jessi" and Mr Outinen between 10 July 2008 and 17 November 2008 which included the following: (a) "So, I guess most of the Internet related things work after this switch to Conversent :-)" and (b) "...we've been having several problems with our website and have finally fixed all of them except for one".
89. In support of its case that at this time or shortly after, ASI first introduced Google AdSense ads on its home or landing page, AUL relied on emails passing between "Jessi", Mr Outinen and John Vigilante between 17 November 2008 and 17 December 2008, which included the following: (a) "The reason I'm asking is that there might be opportunities to show (and thus sell) ads on e.g. front page a la google ads...", (b) "If you go to our homepage you will see the beginnings of the AdSense advertisements...", and (c) "Looks exactly as I though [sic] it would! I can see 4 text based advertisements...".
90. At that point (indeed up until early 2012) the same home page was displayed to all visitors to ASI's website, irrespective of the country or territory from which they were accessing the website.
91. In support of its case that the ads were introduced by ASI with the specific intention of making money, by means of the ads, from customers of AUL in the UK who were in fact seeking to access AUL's website, and that recouping bandwidth costs was at best a minor concern and deferring "unwanted" visitors from accessing the sub-pages of ASI's website was not a concern at all, AUL relied on the following contents of the emails referred to above: (a) "... I briefly [sic] discussed with other Argos Board Members after you left the phone meeting last time that there might be opportunities to make money simply by putting ads to www.argos.com web site (front page!); (b) "Ok, since people don't remember the correct web site for Argos (the retailer) they simply type argos.com OR [sic] www.argos.com to their browsers and voila they come to Argos Systems' web site... So there's definitely [sic] market value in www.argos.com !"; (c) "I still think you may not have understood the idea of putting these Google Ads. 99% of visitors of argos.com are people NOT [sic] interested into getting CAD software or potential customers in any way in the future. They are simply there because they typed something to their browsers. 10000 different visitors a day! And simply providing ads for them to VIEW [sic] is enough to make money (they don't even need to click on the ads!) Is this money worth the hassle who knows but without trying how can you know???" and (d) "...I don't care what the ads actually are as long as the web surfers would either click on them (per-click) OR [sic] what's more

likely in this case (Argos the Retailer) they simply see ads and figure out that they are in the wrong place. BUT [sic] their browsers have already downloaded the ads and showed on the screen (per-impression)! And since this is registered in the Google end -> [sic] more valuable ads to the UK viewers etc.”

92. AUL further contended that in 2009 and 2010, and possibly at other times, ASI adjusted its website with the aim of maximising the revenues received from the ads by increasing the likelihood of click throughs from internet users intending to access AUL’s website; and, specifically, that ASI took steps to access and obtain a view of its website from the UK (to check whether AUL’s ads were showing to UK traffic to ASI’s website). AUL relied on the following documents in particular:

(1) An email dated 21 August 2009 from Mr Outinen to Mr Fox, which included the following: “...I asked a couple of months ago a friend of mine who lives in London while Skypeing with him to go argos.com and tell me what ads he’s seeing while I checked mine. And he got the ad of argos.co.uk on his view, I didn’t... So Google is using either the information leaking from the browser or the ip address space block that reveals [sic] also the origin of the browser and thus show “local” ads. AND [sic] which is so lovely they show ads of argos.co.uk AND [sic] the users also click on these!! I’d say that’s the reason why the click rate twentyfolded [sic] in Jan/Feb!”

(2) An email from Mr Outinen to persons unknown, which included the following: “Then there’s the real value of revenue from ads (Google) because of the UK (Argos the retailer) people finding themselves in the wrong place AND optionally (hopefully!) clicking the ads (and hopefully UK people are fed with UK based adds = Argos Co Uk ads to be clicked. I once checked in the past with a friend of mine who lives in London that he is really given different ads and if I remember correctly he was fed with more than one “good ones” and I was given at the same time totally different ones :-)”

93. Finally, in reliance on the documents contained in ASI’s disclosure, AUL contended that ASI also changed the size, number and positioning of the ads displayed over the Christmas 2010 period (and in subsequent years) to take advantage of a time when AUL’s customers were even more likely to be seeking to access its website. In this regard, AUL relied on the following:

(1) The emails passing between Mr Fox and Mr Outinen between 8 and 10 December 2014, which included the following: (a) “...But average number of clicks has been quite slow since last summer [sic]... And I guess the reason is that you’ve changed the front place layout to include the video and most people won’t scroll to the bottom...”, (b) “What do you think would it

be ok to add another group of text based Google ads to the top of the page (at least for the holiday season!) Theoretically this should at least double the money?? British people seem to have time to surf for late time presents :-)", (c) "Done. I just restored the old index.html page. I'll change it back after the holidays", and (d) "Went from \$9.67 on Tuesday to \$26.24 (and counting) on Thursday!".

- (2) An email dated 4 January 2012 from Mr Fox to Mr Outinen, which included the following: "We typically get around 7000 to 8000 page views per day from January through October, and 10000 to 15000 per day in November and December. Only about 2.7% of these page views are coming from within our market area. For the past couple of years, I have been changing our home page to a smaller and more advertisement friendly version for November and December, then change it back to one that focuses more on our real business for the rest of the year, which generates much less advertising revenue."
94. These documents speak for themselves, and, in general terms, they provide contemporary support for the points which AUL sought to extract from them. Nevertheless, it is right to record that these documents do not tell the whole story.
95. For example, they reveal that part of ASI's motivation in displaying Google ads was to earn revenue, and indeed Mr Fox did not dispute this. However, ASI's actions were also driven by other considerations, which included how best to address unwanted traffic to ASI's website, as Mr Fox asserted and as I accept.
96. Further, whether or not it is right to say that ASI was not concerned about deterring "unwanted" visitors from accessing the sub-pages of ASI's website, providing a means for misguided visitors to navigate back to AUL was, as I find, one of the concerns and objectives of Mr Fox at least. The fact that ASI realised that this was likely to be achieved if AUL's ads were displayed on ASI's website assists AUL's case in that it supports the conclusion that ASI could foresee and did in fact intend that such displays would occur (although ASI did not have any control over AUL's ads being placed there, and in practice had to leave the presence of AUL's ads to be determined by Google's algorithms). At the same time, it assists ASI's case in that it shows that ASI's motives were far from purely mercenary. On the contrary, ASI had problems it wanted to solve, and it saw a way of doing so that was not inimical to AUL. In fact, ASI's display of ads not only took misguided visitors back to AUL but also generated revenue for AUL, and it seems likely that at least some of this was money that AUL would otherwise not have earned. In this regard, although some users who were trying to navigate to AUL's website and who reached ASI's website by mistake might have found their way back to AUL's website and made purchases from AUL regardless of whether they found AUL's ads displayed on

ASI's website, I consider it likely that at least some such users would have given up looking for AUL's products if they had not seen AUL's ads on ASI's website.

97. On a careful reading of the contemporary documents, it is apparent that the documents themselves reflect these different considerations. For example, one email records the view that the content of the ads is immaterial as long as visitors to ASI's website either click on them or "what's more likely in this case (Argos the Retailer) they simply see ads and figure out that they are in the wrong place". The writer of that email believed that, either way, ASI was likely to generate revenue from the ads because "their browsers have already downloaded the ads and showed on the screen". However, even with that element of focus on the revenue prospects, it was also the writer's perception that the ads would be an effective way of telling visitors who were looking for AUL's website that they were in the wrong place. As a matter of logic, although the emails do not descend to such details, this means of notifying visitors that they were lost would apply most clearly to ads which were not for AUL, as visitors would not expect AUL's website to display ads for others.

The evidence of confusion

98. In his first witness statement, Mr Barrett referred to AUL's concern that some of its customers who mistakenly accessed ASI's website might think that website had "something to do with" AUL. In his second witness statement, Mr Barrett asserted that "Emails only very recently disclosed by [ASI] demonstrate that these were in fact valid concerns. The emails are from [AUL's] confused customers who contacted [ASI] in error through the contact form on [ASI's website] concerning products purchased and communication received from [AUL]".
99. The emails in question are few in number, and comprise the following exchanges, in all of which the consumers sent their emails to bdhelp@argos.com.
100. First, an email sent by Audrey Banks on 14 June 2012 on the subject "Vertex BD Software Feedback" saying that she had purchased a Bush television "last year" which she was not able to use because the "the sound is really unbearable", that "I bought this paying by Mastercard on 4th September, from the Nottingham branch, Victoria Park", and ending "I wondered if you could help". Mr Fox replied to this email stating: "It looks like you are trying to reach the Argos (www.argos.co.uk) department store, but we are not it. We are a software company in the US. I wish you luck with the TV". Ms Banks replied: "Thank you for taking the time to answer my misdirected email. I shall try again".
101. Second, an email sent by Kevin Ryan from his iPhone dated 15 May 2013 on the subject "Vertex BD Software Feedback" saying that he had received a text

thanking him for “your reservation 162385 at Gloucester Eastgate Street” and informing him that “This will be held for you until the store closes on 16-05-2013”, but that “... someone will be disappointed as I haven’t ordered anything recently from Argos .. Hope you can sort this out please and many thanks”. Mr Fox replied to this email stating: “I believe you are trying to reach the Argos department store, www.argos.co.uk. We are a software company in the US, so I don’t think I’ll be much help with this”. Mr Ryan replied to that email, stating: “I realised after I’d sent it that it looked like a “different Argos” – so I’ve already done that part. Thank you for taking the time to be bothered replying”.

102. Third, an email sent by Susan Fisher dated 28 January 2014 with no subject saying that she was having problems with a Samsung mobile telephone which she had purchased on 16 September 2013 from “your Romford store” and asking “what should I do”. Mr Fox replied to this email stating: “I’m sorry to hear about your phone, however, I think you are trying to reach the Argos department store in the UK, and not Argos Systems, a software provider in the US. You may find their contact info on their website: www.argos.co.uk.”. Ms Fisher does not appear to have sent any reply.
103. Fourth, an email sent by Brenda Hughes on 8 April 2014 on the subject “E book Arvonía” saying that: she had bought an Arvonía eBook from Amazon at Christmas which was faulty; she had sent it back on 15 February 2014; she had been advised in March that it had been sent back to France and she would receive a new one by the end of March, but she was still waiting; and “When I rang the phone number I had I was told by a recorded message that I could trace the progress of returns on your website – argos.com – however, there does not seem to be any way of doing this – please could you help”. Mr Fox replied to this email stating: “It sounds like you are looking for the Argos store based in the UK, not Argos Systems in the USA. You should try their website: www.argos.co.uk.”. Ms Hughes replied “Thanks Jonathan”.
104. Quite apart from their numerical paucity in terms of evidence of confusion, in my judgment these emails lend no support to the suggestion that consumers who are reasonably observant will think that ASI’s website is in any way connected to AUL. On the contrary, each of them bears all the hallmarks of having been directed at ASI due to a careless mistake on the part of the consumer in question.
105. Ms Banks appears to have acknowledged that the mistake was hers, and Mr Ryan discovered his mistake, it seems by taking a second (and more careful) look at ASI’s website, even before he had received a reply from Mr Fox. To my mind, the mis-match between the true subject of their emails and the subject they attributed to

their emails (namely “Vertex BD Software Feedback”) is an additional clear indication that they were not thinking through what they were doing.

106. Ms Fisher does not suggest that she was misled by anything said or done by ASI, and it is not clear that Ms Hughes’ complaint (about an eBook purchased from Amazon) was properly directed to AUL, let alone ASI. It seems most unlikely that the number that Ms Hughes called can have been a number for ASI (because surely she would have noticed that it was a number in the USA), or that by calling a number for Amazon she could have been given the domain name of ASI’s website. It may be that the number Ms Hughes called was a number for AUL, but in that case she cannot have been told that she could trace the progress of returns on ASI’s website. Whichever way one looks at the matter, it seems clear to me that Ms Hughes’ confusion, also, is not attributable to anything said or done by ASI.
107. In my view, all that can safely be taken away from these emails is that the mistakes of a small number of UK consumers, which were not attributable to any confusion created by the contents of ASI’s website, put ASI to some trouble and inconvenience, but were nevertheless dealt with promptly, courteously and helpfully by Mr Fox for ASI, as most of those consumers readily acknowledged.
108. Mr Hill suggested that it would be right to infer that ASI has not given full disclosure of relevant documents in this regard (and perhaps in other respects). However, I do not consider that there is any basis for drawing any such inference.

The issue of consent

109. As the above summary of AUL’s and ASI’s rival cases makes clear, they give rise to numerous issues. The written and oral arguments addressed these issues largely by examining in sequential order the case for and against each element which is in dispute concerning: (i) the claim based on Article 9(1)(a); (ii) the claim based on Article 9(1)(c); and (iii) the claim for passing off. It seems to me, however, that it is convenient to address at the outset certain issues which are potentially dispositive of wider aspects of the case than others, and, moreover, appear to depend on facts which are not materially in dispute. The issue of consent is one such issue: that the use of the sign that is complained of is without consent is a condition of the claims under both Article 9(1)(a) (condition (iii)) and Article 9(1)(c) (condition (iv)).

(i) ASI’s case on consent

110. ASI contends that the grant of rights given by AUL in the AdWords terms constitutes consent, for Article 9 purposes, to the display of AUL’s advertisements

by Partners, including ASI, on websites which are selected by Google to form part of the AdSense programme. (This is, of course, subject to AUL exercising the right under the AdWords programme to opt out of having its advertisements placed on Partners' websites in general or on ASI's website(s) in particular).

111. The meaning of "consent" for these purposes was discussed by Males J in *Marussia Communications Ireland Ltd v Manor Grand Prix Racing Ltd & Anor* [2016] EWHC 809 (Ch), [2016] Bus LR 808, at [58]-[60]:

"58. It is well established that "consent" in the Regulation has an autonomous Community meaning and requires the unequivocal demonstration by the trade mark proprietor of renunciation of its exclusive rights under Article 9. This need not be express and can be implied, but only where the facts and circumstances in question unequivocally demonstrate such a renunciation of rights. The leading authority is the decision of the European Court of Justice in *Zino Davidoff* (Joined Cases C-414 to 416/99 *Zino Davidoff SA v A&G Imports Ltd* and *Levi Strauss & Co v Tesco Stores Ltd* [2002] Ch 109): see in particular at [35] to [47] and [53] to [58]. These paragraphs are too well known to need citation, but I draw attention to [58] in which the Court stated:

"58. A rule of national law which proceeded on the mere silence of the trade mark proprietor would recognise not implied consent but rather deemed consent. That would not meet the need for consent positively expressed, required by Community law."

59. Thus a consent which is merely deemed to have been given in accordance with a provision of national law is not sufficient to amount to "consent" for the purpose of the Regulation. There must be actual consent, either because the trade mark proprietor has said in terms that it does consent or because it is obvious from the circumstances that it does so.

60. Although *Zino Davidoff* was concerned with a trade mark claim under Article 5 of Directive 89/104, this was in the same terms as Article 9 of the Regulation.

61. Lewison LJ provided a useful summary of the effect of the *Zino Davidoff* case in *Honda Motor Co Ltd v Neesam* [2006] EWHC 1051 (Ch) at [5]:

"5. In the joint cases of *Zino Davidoff SA v A&G Imports Ltd*, and *Levi Strauss & Co v Tesco Stores Ltd* [2002] Ch 109, the European Court of Justice said that the concept of consent for this purpose was to be uniformly interpreted across the whole of the EU. The ECJ made a number of important points. First; consent amounts to

renunciation of the right to the trademark proprietor, and must, therefore, be unequivocally demonstrated. Second; an intention to renounce will normally be gathered from an express statement. Third; there may be circumstances from which consent may be inferred, but it is an actual consent, and not a deemed consent that must be established. Fourth; it is, in almost all cases, for the trader to prove consent, not for the trademark proprietor to prove the absence of consent. Fifth; consent cannot be inferred from the trademark proprietor's silence nor from the fact that the goods carry no warning, nor from the fact that the trademark proprietor originally placed goods on the market without any further restriction on the onward sale of those goods."

62. In this summary too the distinction between actual and deemed consent is highlighted."
112. That case concerned an application for summary judgment. The central question, to which Males J gave a negative answer, was whether consent could be established by an implied term in an oral agreement. Mr Riordan suggested that the decision of Males J should be treated with care, partly because of these differences between that case and the present case, and partly because Males J appears to have based his decision on two cases concerning exhaustion of rights, in circumstances where the argument that "consent" had a different meaning in other contexts did not arise.
113. With regard to this last point, Mr Riordan submitted that (a) "consent" is relevant to a number of aspects of EU trade mark law; (b) these aspects are distinct; (c) it is not obvious that "consent" has the same meaning in each of these contexts; (d) in particular, although a defence of exhaustion based on consent must be proved by the person relying on that defence, in the context of infringement absence of consent is a positive element of the claim which the claimant has to prove under Article 9 of the Regulation; and (drawing these threads together) (e) in the present case (i) AUL bears the burden of proving that ASI did not have AUL's consent and (ii) the concept of "consent" ought not to be narrowly construed in this context.
114. Mr Riordan developed these submissions along the following lines (omitting his references to the equivalent provisions of the Trade Mark Directive - 89/104):
- (1) Under Article 9 of the Regulation, the trade mark proprietor's exclusive right is "to prevent all third parties not having his consent" from using signs within the ambit of protection. In this context, a defendant's allegation that a sign is used with consent "is not a defence to an infringement claim but an allegation that the claimant has failed to establish that the use complained of is without consent" (see *Kerly on Trade Marks and Trade Names*, [15-002]).

- (2) For the purpose of establishing “genuine use” of a mark under Article 15(2) of the Regulation, use “with the consent of” the proprietor is deemed to be use by the proprietor. A broad and pragmatic approach is taken, which reflects the commercial realities of the marketplace and presumes consent where an opponent relies on its own prior user (see *Sunrider Corp v OHIM*, T-203/02 [2004] ECR II-2815 (VITAFRUIT), at [24]–[28]).
- (3) When determining whether goods have been marketed with the consent of a trade mark proprietor in the EEA for the purposes of exhaustion under Article 13 of the Regulation, a narrower approach is taken, since this is a derogation from the rights of a trade mark proprietor under Article 9(1) of the Regulation. For this reason, consent is “narrowly construed” in this context. Consent to the marketing of goods in the EEA may be express or implied from conduct which “unequivocally demonstrate[s] that the proprietor has renounced his rights” but something more than “mere silence” is needed. The consent can be given at any time (before, after or simultaneously with the relevant goods being marketed). (See *Zino Davidoff SA v A&G Imports Ltd* and *Levi Strauss & Co v Tesco Stores Ltd* [2002] Ch 109).
- (4) Certain relative grounds of opposition can be defeated by showing consent to registration by the proprietor of the earlier mark or right (see Trade Marks Act 1994 section 5(5); Article 53(3) of the Regulation).
115. Without giving up this line of argument, Mr Riordan suggested that it probably does not matter in the present case. In summary: (a) ASI’s case on consent is based on AUL’s assent to and active participation in the Google AdWords programme, which resulted in AUL’s own ads appearing on the ASI website throughout the time that is material to the present claim; (b) even if ASI bears the onus of proof, and must prove “unequivocal” renunciation, the AdWords Terms meet this standard; (c) the correct construction of those Terms is that AUL has granted to Google, and Partners, authority to place ads on any Target; and (d) that is not only an express statement, but is also one which is inconsistent with AUL maintaining its trade mark rights against Google, and therefore against ASI.
- (ii) *AUL’s case on consent*
116. Mr Hill submitted that the principles relevant to the meaning of “consent” under the Regulation were to be derived from *Zino Davidoff*, that “consent” must be interpreted in the same way in both the exhaustion and the infringement provisions, and that the burden is always on the party alleging consent to prove it. He placed reliance on case C-661/11 *Martin Y Paz Diffusion v Depuydt* [2014] Bus LR 329 at [57], *Zino Davidoff* at [40]–[41], the fact that in the *Marussia* case Males J applied

the *Zino Davidoff* principles where consent was raised as a defence to an infringement claim (see [58]-[61]), and the decisions of Arnold J in *Dalsouple Societe de Caoutchouc v Dalsouple Direct* [2014] EWHC 3963 (Ch), [2015] Bus LR 464 at [38] and in *Supreme Petfoods Limited v Henry Bell & Co (Grantham) Limited* [2015] EWHC 256 (Ch), [2015] RPC 22 at [143] and [158].

117. With regard to ASI's reliance on the AdWords Terms, Mr Hill pointed out that ASI had put forward three versions of these terms (the 2006 terms, the 2009 terms, and the 2013 terms), and he submitted that (a) the 2013 terms can have no application to the issue of consent since AUL blacklisted its ads from appearing on ASI's website in early July 2013, and the very limited appearances of AUL's ads on ASI's website after this date was probably due to a glitch and (b) ASI had failed to establish the periods to which the 2006 terms and the 2009 terms applied.

118. Mr Hill's fundamental submission, however, was that none of the AdWords terms could assist ASI in establishing consent because those terms say nothing about use of the sign ARGOS in ASI's domain name. (This formulation of AUL's case does not make reference to the use of the sign ARGOS on the home (or any) page of ASI's website. Accordingly, in the discussion which follows below, I have concentrated on the complaint that the sign ARGOS is used in ASI's domain name. For the avoidance of doubt, however, I consider that the same reasoning and analysis applies to any claim made by AUL which is based further or alternatively on ASI's use of the sign ARGOS on ASI's website). Mr Hill contended as follows:
 - (1) In order for a defendant's use of a sign to infringe a trade mark, that use must be without the consent of the trade mark proprietor.

 - (2) In the present case, the infringing use of a sign is ASI's use of the sign ARGOS in ASI's domain name. AUL does not contend that use of any sign in the ads themselves is an infringing use of a sign. (Mr Hill explained that this is the reason why AUL has not made any complaint against Google, quite aside from any question of what AUL has authorised Google to do: Google is not using the sign ARGOS in ASI's domain name.)

 - (3) Therefore, the relevant consent that ASI must establish is AUL's consent to ASI's use of the sign ARGOS in ASI's domain name.

 - (4) The AdWords terms do not authorise Google (or its Partners, or anyone else) to use the sign ARGOS in ASI's domain name. Therefore, AUL cannot be said to have consented to use of the sign ARGOS in ASI's domain name by signing up to the AdWords terms.

(5) At most, the AdWords terms authorise Google to place ads containing AUL's trade marks on Partner websites. However, ASI is necessarily arguing that the AdWords terms constitute consent on the part of AUL for Partners to use its trade marks outside of the ads (such as in ASI's domain name). There is no basis for this in the AdWords terms.

119. Mr Hill invited me to consider a case where a third party signs up to AdSense and then uses AUL's trade mark in the content of its website to market its goods. He submitted that: if ASI's argument is right, AUL will have consented to this use of its trade mark when its ads appear on the third party website; this is plainly wrong.

120. Mr Hill further submitted that: (a) in any event, AUL's case is that ASI infringes even where AUL's ads are not shown on ASI's website (for example where AUL's competitors' ads are shown instead); (b) plainly, the fact that AUL had signed up to AdWords can be of no relevance in this situation; (c) therefore, assuming that AUL prevails on the other issues, ASI's use of the sign ARGOS in the ASI domain name in this situation will be infringing; and (d) it would be bizarre if the appearance of one of AUL's ads could make ASI's otherwise infringing use of the ASI domain name non-infringing.

121. Finally, Mr Hill submitted that any suggestion that either AUL or Summit deliberately placed AUL's ads on ASI's website was not made out on the evidence. Mr Hill relied on Mr Patmore's evidence that, to the best of his knowledge, AUL had no campaigns that were targeted at particular domains, and instead the placements of AUL's campaigns were driven by the content of the campaign and user interest. Mr Hill further contended that ASI's reliance on the contents of a placement specific report relating to ASI's website which was generated for the purposes of this litigation was misplaced. Again, Mr Hill relied on Mr Patmore's evidence that there was nothing in that report which, when properly understood, stated that the placements listed were "managed placements" (i.e. placements specifically chosen by the advertiser) as opposed to normal placements.

(iii) Discussion of the issue of consent

122. Mr Hill does not appear to take issue with ASI's contention that the grant of rights given by AUL in the AdWords terms constitutes consent to the display of AUL's ads by ASI on ASI's website, where ASI's website is selected for that purpose by Google as part of Google's AdSense programme. In any event, in my judgment that contention is plainly correct. I consider that this is so in accordance with each of the three versions of the AdWords terms which have been placed in evidence before me. Further, AUL has not suggested that any display of AUL's ads on ASI's website was not governed by one or other of those versions of the AdWords terms.

123. Although AUL, and not ASI, was the contracting party with Google in accordance with the AdWords programme, AUL has left it to ASI to make the running in adducing evidence of the AdWords terms which were offered by Google at different times. This is unsatisfactory, and has deprived the Court of direct evidence as to which set of terms was applicable to AUL at different times.
124. Because AUL began participating in the AdWords programme before the 2009 terms were created, and because no suggestion has been made that AUL contracted with Google on any earlier terms than the 2006 terms, I conclude that the 2006 terms were operative at all material times until Google began to offer to contract with advertisers on the basis of the 2009 terms. When Google began to offer the 2009 terms to advertisers, it is unclear whether Google required existing counter-parties to contract with Google on those terms, or whether Google only required new counter-parties to contract with Google on those terms. Further, the precise date when the newer terms came into effect, either generally, or with regard to AUL in particular, is also unclear. The like points apply to the 2013 terms.
125. Accordingly, it is possible that the terms which are material to the present dispute comprise (a) the 2006 terms, or (b) the 2006 terms and the 2009 terms, or (c) all three sets of terms. I do not consider that any of this matters so far as concerns the issue of consent, because I take the view that there is no material difference between any of these sets of terms in this regard. If that is wrong, however, I would be inclined to the view that it is more probable than not that Google required all counter-parties to contract with Google on the same standard terms at any one time, and that Google would have imposed this requirement on AUL with regard to the 2009 terms and the 2013 terms on or about the dates that those terms were created.
126. It is important to keep well in mind that AUL does not object, and could not have objected, to ASI's use of the sign ARGOS in the ASI domain name, without more. As stated in AUL's opening submissions: "All [AUL's] claims complain of [ASI's] use of the sign ARGOS in the form of the domain name argos.com ... in relation to versions of [ASI's] home page deliberately directed to UK internet users – in particular [AUL's] customers – and featuring advertisements aimed at profiting from those users". Accordingly, the use of the sign ARGOS which is complained of is not its use in ASI's domain name by itself, but rather its use in ASI's domain name in conjunction with a home page which is said to be directed at UK internet users, specifically by including advertising so that it can be accessed by such users.
127. Similarly, AUL's claims that ASI's use of ASI's domain name was abusive, and amounted to free-riding on AUL's trade marks, do not rely upon ASI's use of the sign ARGOS in ASI's domain name alone, but upon the configuration of ASI's website and its contents to target UK internet users and/or to generate revenue from

visitors to ASI's website. AUL's contention that ASI has set up an independent business in advertising services even more clearly depends upon the display of ads.

128. In light of these matters, I consider that it misses the point to ask baldly whether AUL consented to the use of the sign ARGOS in ASI's domain name. The correct questions are: (i) whether, by the AdWords terms, AUL consented to the display by ASI of AUL's ads on ASI's website, in circumstances where that website had an existing lawful domain name (and home page) which used the sign ARGOS, such that – in the absence of some change in ASI's existing lawful use of the sign, which there was no reason for anyone to expect and which AUL did not suggest - the display of AUL's ads would be accompanied by that use by ASI of the sign, and (ii) whether AUL thereby consented to ASI's use of the sign ARGOS in that new or altered context. I would give an affirmative answer to both of those questions.
129. In my judgment, it follows that if and to the extent that AUL's claims depend upon ASI's display of AUL's ads on any version of ASI's website (including and in particular in conjunction with ASI's use of the sign ARGOS in the form of the domain name argos.com), then those claims must fail, because AUL consented to ASI acting in that way. In other words, in circumstances where AUL was unable to complain of ASI's use of the sign ARGOS in ASI's domain name (and home page) by itself, and where AUL consented to the display by ASI of AUL's ads on ASI's website (which was already lawfully using the sign in that way), AUL cannot complain of any breach of its rights which might otherwise have arisen from the combination of the continuation of that existing use and the display of those ads.
130. I consider that AUL's consent was unequivocally demonstrated, and can be gathered from the express provisions of the AdWords terms. Further, even if it is assumed that ASI bears the burden of proving that consent, I consider that ASI has discharged that burden. In these circumstances, it is unnecessary to decide the interesting arguments raised by Mr Riordan to the effect that, in the present context, (i) AUL bears the burden of proving that ASI did not have AUL's consent, and (ii) the concept of consent ought to be liberally construed. It is preferable that those issues should be determined in a case in which they are necessary for the decision.
131. I should say, however, that I am doubtful that Mr Riordan is right to submit that the burden of proof of lack of consent rests on AUL. This seems to me to be contrary to the decision of the Court of Justice in Case C-405/03 *Class International BV v Colgate-Palmolive Company* [2005] ECR I-8735. That case concerned a claim for infringement of a registered trade mark arising from the introduction into the EU, under the external transit or customs warehousing procedures, of original goods bearing the mark. The Court was asked a series of questions concerning the proper interpretation of Article 5 of the Directive (and Article 9 of the Regulation),

including a question concerning the burden of proof and, in particular, which party had the burden, in a situation such as that in issue, of proving the facts which would give rise to a claim for exercising the prohibition provided for in Article 5(3)(b) and (c) (Article 9(2)(b) and (c)). The Court stated at [74]:

“It must then be stated that, in a situation such as the one in the main proceedings, the onus of proving interference must lie with the trade mark proprietor who alleges it. If that is proven, it is then for the trader sued to prove the existence of the consent of the proprietor to the marketing of the goods in the Community (see, on the subject of the Directive, *Zino Davidoff* and *LeviStrauss*, cited above, paragraph 54).”

132. I have based these conclusions on the AdWords terms alone, rather than evidence that AUL knew that its ads were being displayed on ASI's website while ASI also used the sign ARGOS in ASI's domain name. However, there is such evidence.
133. First, AUL owns well over 300 domain names, and well over 100 of those domain names include the word ARGOS. These include, for example, the domain names argos.info, argoes.com, and argosmoney.com, which were registered on 1 August 2001, 18 April 2003, and 28 October 2003 respectively. It is inconceivable that AUL would not have registered the domain name argos.com if that name had been available, and I consider that it is more likely than not that, when exploring why this name was not available, AUL learned it had already been registered by ASI. It is difficult to know when AUL acquired that knowledge, but I consider it is likely to have been no later than when AUL registered the domain name argoes.com. (It is not unlikely that AUL acquired this knowledge when it registered the domain name argos.co.uk, and Mr Barrett accepted that he knew of argos.com before 2006). AUL's evidence suggested that when it registered argoes.com this was to capture traffic emanating from persons who mis-typed “argos” as “argoes”. It seems highly likely that AUL would have investigated the ownership of argos.com by that time.
134. Second, at all material times AUL's AdSense advertising campaigns were run and managed by Summit. AUL did not call any witness from Summit, and Mr Patmore's evidence was that “Nobody at Argos or Summit would have been monitoring campaign data at the level of performance of ad placements appearing specifically on [ASI's website]”. The reason for this is that the traffic to and from ASI's website was very small in AUL's scale of things. It is clear, however, that information concerning the performance of the ASI website as a placement for AUL's ads was available, and, moreover, that Summit paid regard to website performances when making decisions concerning AUL's campaigns.
135. As set out above, an email from Summit to Mr Patmore and others dated 4 July 2013 states: “We now have a view of the performance for the past 3 months for the

argos.com site. As a placement it had been performing well and has therefore not been excluded during our optimisation ... Spend circa £300 per month. Rev circa £34,000 a month ... You would probably argue that it should be there – at least it stops people having to re-search and find an Argos click through. Conversely turning it off would not have a massive impact”. This email was generated as a result of a specific enquiry made of Summit (in connection with a discussion within AUL as to whether the ASI website should be excluded from future GDN campaigns). Further, this email provides only a limited example of Summit monitoring the performance of AUL’s ads on the ASI website. However, the reference to the ASI website “not [being] excluded during our optimisation” seems to me to relate to matters which are free-standing from AUL’s request relating to GDN de-listing. In addition, the email does not suggest that “optimisation” was only carried out by Summit on this one occasion, and expresses no surprise at the information that is being given by Summit to AUL concerning the ASI website.

136. In the absence of any evidence from Summit, and in spite of Mr Patmore’s evidence that it is much more likely than not that any campaign optimisation activity involving ASI’s domain name formed part of general optimisation taking place across all GDN placements and would not have descended to the level of considering specific websites like ASI’s website, I consider that it is more likely than not that Summit did know that AUL’s ads were being displayed on ASI’s website for much, if not all, of the time during which that was taking place. To say that ASI’s website would probably not have been selected to display AUL’s ads is not to say that Summit did not realise that AUL’s ads were in fact displayed there. Further, I consider that this knowledge should be attributed to AUL on ordinary agency principles: see *Bowstead & Reynolds on Agency, 20th Edn*, para 8-207.
137. Mr Riordan argued that AUL had not only decided to include the GDN option in its advertising campaigns (such that its ads were placed on any and all Partner websites selected by Google) but had also deliberately decided on a series of “managed placements” on ASI’s website. He contended that such decisions had been made by Summit, within the scope of Summit’s authority as advertising agents, as their role included creating advertising campaigns for AUL and operating and optimising those campaigns under the direction of AUL. The two main strands of ASI’s evidence on this topic were (i) Google materials which include the statement “If you know of a website that your customers visit, consider adding it as a managed placement” and (ii) a spreadsheet produced by AUL for the purposes of these proceedings in response to a request from ASI, which had a start date of April 2013, and which described placements relating to ASI’s domain name as “managed” and “targeted”. However, Mr Patmore’s evidence was to the effect that a website which was producing impressions at a level which was as modest in comparison to the level of impressions generated by AUL’s advertising campaigns

as applied in the case of ASI's website (i.e. around 10,000 over time in comparison to millions per week) would not have been significant enough to trigger interest as a managed placement. On this point, I consider that the evidence of Mr Patmore outweighs what can safely be extracted from the materials on which Mr Riordan relied. I do not consider that Mr Patmore's honest belief as to the state of Summit's knowledge outweighs the inferences that I have drawn as to the likelihood that Summit knew that AUL's ads were appearing on ASI's website, but I consider that the logic of what he says about impression volumes justifies the conclusion that the expressions on the spreadsheet relate to the methods of payment chosen by advertisers, rather than to whether the placements were "managed" or "targeted".

138. I have based my finding that AUL expressly and unequivocally consented to ASI's use of the sign ARGOS in ASI's domain name, together with and in the context of also displaying AUL's advertisements on ASI's website, on the AdWords terms. In my view, in order for AUL to give ASI consent for purposes of Article 9 of the Regulation, AUL did not have to know that ASI was using the sign in that way. I consider that, even if AUL did not know that argos.com had been registered by a third party, or knew that but did not know that the third party was ASI or that the sign ARGOS was being used by the third party in the third party's domain name, it is sufficient for those purposes that AUL did not exercise the right that it plainly had (whether or not after enquiring in to those matters) to exclude any website having the argos.com domain name from the "Properties" provided by "Partners" which were otherwise included in AUL's grant of rights to Google and "Partners".
139. If I am wrong about that, however, I consider that the evidence discussed above provides a further or alternative basis for the same conclusion as to AUL's consent.
140. In my view, these conclusions do not lead to the dire results suggested by Mr Hill.
141. It does not follow from my findings above that wherever an advertiser agrees the AdWords terms with Google the advertiser will be taken to have consented to any use of the advertiser's trade mark that may be made by a third party in connection with a website which is selected by Google to display the advertiser's ads. I have held that an advertiser is unable to complain about the continuation of use by a website operator of a sign which is otherwise lawful by relying on an allegation that its use in conjunction with a display of the advertiser's ads to which the advertiser has given express consent infringes the advertiser's rights. That does not mean that the advertiser is precluded from pursuing a claim based upon a use by the operator of a sign when such use was neither pre-existing nor lawful by itself.
142. Nor does it follow that the agreement of an advertiser (in the present case, AUL) to the AdWords terms is effective to produce the result that the appearance of the

advertiser's ads on the website of a third party (in the present case, ASI) through the medium of Google affords the third party a defence in respect of all activities which would otherwise amount to an infringement of the advertiser's rights. By agreeing the AdWords terms, the advertiser does not consent to the display of other people's ads on any third party website, or lose its entitlement to complain of all and any infringement of its rights to which such matters may give rise.

143. In my view, however, what the advertiser cannot do is to rely upon the activities of a third party for which the advertiser has given express consent (in this case, the display of AUL's ads on ASI's website) as the foundation for a legal claim based upon the third party's use of a sign in a domain name which is otherwise lawful.

The issue of targeting

(i) The rival contentions concerning the correct legal approach

144. Trade marks and goodwill are rights that have territorial scope. In accordance with Article 98(a) of the Regulation, the jurisdiction of this Court is limited to acts of infringement in the territory of Member States. AUL has no right to prevent activity occurring outside the EU so far as concerns its EU trade marks. Accordingly, one of the conditions which needs to be satisfied for claims under both Article 9(1)(a) (see condition (i) above) and Article 9(1)(c) (see condition (ii) above) of the Regulation is that there is use of the sign within the relevant territory.
145. It is common ground that this issue falls to be determined having regard to the concept of targeting. However, the parties disagree as to the correct legal approach to that concept.
146. AUL contends that whether a website (or part of it) is targeted at the UK is a broad question which depends on all the circumstances. Determination of that question is not limited to a consideration of the contents of the website that are visible to UK visitors to the website, but includes, for example, evidence relating to the numbers and locations of visitors to the website, whether the operator knows that the prevailing traffic emanates from the UK, whether the operator has taken steps to bring traffic to the website from the UK (including promotion or advertising outside the website), and the operator's subjective intentions.
147. ASI contends that targeting is an objective question which is to be approached from the perspective of the average consumer of the material goods or services, and answered by reference to whether such a consumer would perceive that the

materials visible to them on the website, considered as a whole, are being directed to them. Mr Riordan submitted as follows with regard to the average consumer:

- (1) Consumers of internet retail services (i.e. people who buy things online) are necessarily more technology literate than the population at large, although the two categories are progressively becoming coterminous.
- (2) The internet literacy of e-commerce consumers will necessarily have increased over the last six years. However, even in 2008, the evidence before the Court is that a majority of British internet users were buying goods online (74% in 2005, 87% in 2013).
- (3) As Mr Patmore accepted, UK internet users know how to use search engines such as Google, and know the difference between .com and .co.uk domain suffixes, and that such suffixes may not relate to the same website, and that foreign traders also use domain names; and in normal circumstances the difference between different websites is obvious. Various examples of this were put to Mr Patmore in cross-examination, and he accepted that to him the differences were obvious even when AdSense ads were present.
- (4) The Court should have regard to its own common sense and experience, but should also be guided by evidence from industry reports and the like which shed light on the perspicacity of the average internet retail consumer.
- (5) The contents of ASI's website must be considered as a whole: not focussing on the home page, or the ads, in isolation from the rest of the materials on argos.com. It is a single coherent site, and the reasonably observant internet user (who clicks through to the sub-pages) would read this content together with the home page to inform his perception of the material.

148. Mr Riordan referred me to a substantial body of case law concerning the role of the average consumer in various trade mark contexts, the characteristics of the average consumer for purposes of the present case, and the approach of the Court to evaluating the effect of the impugned materials and activities on the average consumer where, as in the present case, neither side relies upon expert evidence or survey evidence.

149. In my view, however, it is sufficient to refer to the following passages from the judgment of Kitchin LJ in *Interflora Inc & Anor v Marks and Spencer Plc (No 5)* [2014] EWCA Civ 1403, [2015] FSR 10 at [112]-[130] (citations omitted):

“112. First, in the context of internet advertising, the average consumer (who is reasonably well-informed and reasonably observant and circumspect) and the reasonably well-informed and reasonably circumspect internet user are one and the same.

113. Second, the average consumer in any context is a hypothetical person or “legal construct” ... he is a person who has been created to strike the right balance between various competing interests including, on the one hand, the need to protect consumers and, on the other hand, the promotion of free trade in an openly competitive market, and also to provide a standard, defined in EU law, which national courts may then apply.

114. Third, the average consumer test is not a statistical test. The national court must exercise its own judgment, in accordance with the principle of proportionality and the principles explained by the Court of Justice, to determine the perceptions of the average consumer in any given case in light of all the relevant circumstances.

115. Fourth, ... in a case concerning ordinary goods or services, the court may be able to put itself in the position of the average consumer without requiring evidence from consumers, still less expert evidence or a consumer survey. In such a case, the judge can make up his or her own mind about the particular issue he or she has to decide in the absence of evidence and using his or her own common sense and experience of the world.

...

118. ... First, the average consumer test provides the court with a perspective from which to assess the particular question it has to decide, for example whether a statement is liable to mislead purchasers. Second, a national court may be able to assess this question without the benefit of a survey or expert evidence. Third, a national court may nevertheless decide, in accordance with its own national law, that it is necessary to have recourse to an expert’s opinion or a survey for the purpose of assisting it to decide whether the statement is misleading or not. Fourth, absent any provision of EU law dealing with the issue, it is then for the national court to determine, in accordance with its own national law, the percentage of consumers misled by the statement that, in its view, is sufficiently significant in order to justify banning its use.

...

125. ... in giving its guidance in this case ... the Court has explained that if the M & S advertisements in issue caused at least some internet users to believe, incorrectly, that M & S was a member of the Interflora commercial network then this might be a relevant consideration but would not, of itself, be a sufficient basis for a

finding of liability. At the end of the day, the crucial question was whether the advertisements enabled the average consumer to tell that the flower delivery service so offered did not originate from Interflora. The judge suggested ... that confusion on the part of internet users who are ill-informed or unobservant must be discounted. Of course it must. But this formulation runs the risk of setting the bar too low and we prefer to put it differently. It is only the effect of the advertisements on internet users who are reasonably well-informed and reasonably observant that must be taken into account.

126. Considered in this way, we think it makes no difference whether the question is asked and answered from the perspective of the single hypothetical well-informed and reasonably observant internet user or whether that hypothetical person provides the benchmark or threshold for the purposes of identifying the population of internet users whose views are material. The Court has itself used the two interchangeably, as shown by the passages of its decisions in the keyword advertising cases to which we have referred ... in considering the application of Article 6 of the Directive, it explained the limited scope for the application of this defence in circumstances sufficient to satisfy Article 5(1), namely that the advertisement is likely to cause at least a significant section of the target public to establish a link between the goods or services to which it refers and the trade mark owner, and does not enable average internet users to ascertain whether the goods or services originate from the trade mark proprietor or an unconnected third party.
129. As we have seen, the average consumer does not stand alone for it is from the perspective of this person that the court must consider the particular issue it is called upon to determine. In deciding a question of infringement of a trade mark, and determining whether a sign has affected or is liable to affect one of the functions of the mark in a claim under Article 5(1)(a) of the Directive (or Article 9(1)(a) of the Regulation), whether there is a likelihood of confusion or association under Article 5(1)(b) (or Article 9(1)(b)), or whether there is a link between the mark and the sign under Article 5(2) (or Article 9(1)(c)), the national court is required to make a qualitative assessment. It follows that it must make that assessment from the perspective of the average consumer and in accordance with the guidance given by the Court of Justice. Of course the court must ultimately give a binary answer to the question before it, that is to say, in the case of Article 5(1)(b) of the Directive, whether or not, as a result of the accused use, there exists a likelihood of confusion on the part of the public. But in light of the foregoing discussion we do not accept that a finding of infringement is precluded by a finding that many consumers, of whom the average consumer is representative, would not be confused. To the contrary, if, having regard to the perceptions and expectations of the average consumer,

the court concludes that a significant proportion of the relevant public is likely to be confused such as to warrant the intervention of the court then we believe it may properly find infringement.

130. In the circumstances of this case we are, of course, concerned with a claim under Article 5(1)(a) (and Article 9(1)(a)) in the context of internet advertising and the question to be answered was whether the advertisements in issue did not enable reasonably well-informed and observant internet users, or enabled them only with difficulty, to ascertain whether the goods and services so advertised originated from Interflora or an undertaking economically linked to Interflora or, on the contrary, originated from M & S, a third party. In answering this question we consider the judge was entitled to have regard to the effect of the advertisements upon a significant section of the relevant class of consumers, and he was not barred from finding infringement by a determination that the majority of consumers were not confused.”
150. The like considerations as to the requirement for material to be targeted at users in the relevant territory apply to AUL’s claim for passing off. In a judgment on an interim hearing in the present case, Mr Robert Englehart QC sitting as a Deputy High Court Judge recorded that: “It is common ground that, in order to succeed in its claims for trade mark infringement and passing off, [AUL] would have to establish that [ASI’s] website was “targeted” at those in the United Kingdom and elsewhere in the ED who were desirous of accessing an Argos website” (*Argos Ltd v Argos Systems Inc* [2015] EWHC 3164 (Ch), [2016] FSR 21, at [13]).
151. The authorities concerning the correct approach to the question of whether there has been use of the sign within the EU were gathered together and analysed by Arnold J in *Stichting BDO & Ors v BDO Unibank, Inc & Ors* [2013] EWHC 418 (Ch), [2013] FSR 35 at [101]-[107] (in a manner which Birss J has said he could not improve on: see *Thomas Pink Limited v Victoria’s Secret UK Ltd* [2014] EWHC 2631 (Ch), [2014] WLR(D) 368 at [133]).
152. At [101], Arnold J said:

“... [This] was considered by the CJEU in the context of offers for sale on an online marketplace in Case C-324/09 *L’Oréal SA v eBay International AG* [2011] ECR I-0000, [2012] EMLR 6. In that case the Court held as follows:

“61. Whilst recognising those principles, eBay submits that the proprietor of a trade mark registered in a Member State or of a Community trade mark cannot properly rely on the exclusive right conferred by that trade mark as long as the goods bearing it and offered for sale on an online marketplace are located in a third State and will not

necessarily be forwarded to the territory covered by the trade mark in question. L'Oréal, the United Kingdom Government, the Italian, Polish and Portuguese Governments, and the European Commission contend, however, that the rules of Directive 89/104 and Regulation No 40/94 apply as soon as it is clear that the offer for sale of a trade-marked product located in a third State is targeted at consumers in the territory covered by the trade mark.

62. The latter contention must be accepted. If it were otherwise, operators which use electronic commerce by offering for sale, on an online market place targeted at consumers within the EU, trade-marked goods located in a third State, which it is possible to view on the screen and to order via that marketplace, would, so far as offers for sale of that type are concerned, have no obligation to comply with the EU intellectual property rules. Such a situation would have an impact on the effectiveness (*effet utile*) of those rules.
63. It is sufficient to state in that regard that, under Article 5(3)(b) and (d) of Directive 89/104 and Article 9(2)(b) and (d) of Regulation No 40/94, the use by third parties of signs identical with or similar to trade marks which proprietors of those marks may prevent includes the use of such signs in offers for sale and advertising. As the Advocate General observed at point 127 of his Opinion and as the Commission pointed out in its written observations, the effectiveness of those rules would be undermined if they were not to apply to the use, in an internet offer for sale or advertisement targeted at consumers within the EU, of a sign identical with or similar to a trade mark registered in the EU merely because the third party behind that offer or advertisement is established in a third State, because the server of the internet site used by the third party is located in such a State or because the product that is the subject of the offer or the advertisement is located in a third State.
64. It must, however, be made clear that the mere fact that a website is accessible from the territory covered by the trade mark is not a sufficient basis for concluding that the offers for sale displayed there are targeted at consumers in that territory (see, by analogy, Joined Cases C-585/08 and C-144/09 *Pammer and Hotel Alpenhof* [2010] ECR I-0000, paragraph 69). Indeed, if the fact that an online marketplace is accessible from that territory were sufficient for the advertisements displayed there to be within the scope of Directive 89/104 and Regulation No 40/94, websites and advertisements which, although obviously targeted solely at consumers in third States, are nevertheless technically accessible from EU territory would wrongly be subject to EU law.
65. It therefore falls to the national courts to assess on a case-by-case basis whether there are any relevant factors on the basis of which it may be concluded that an offer for sale, displayed on an online marketplace accessible from the territory covered by the trade mark,

is targeted at consumers in that territory. When the offer for sale is accompanied by details of the geographic areas to which the seller is willing to dispatch the product, that type of detail is of particular importance in the said assessment.”

153. At [102]-[106], Arnold J said:

“102. Joined Cases C-585/08 and C-144/09 *Pammer v Reederei Karl Schlüter GmbH & Co. KG and Hotel Alpenhof GesmbH v Heller* [2010] ECR I-12527, to which reference is made at [64], concerned the interpretation of Article 15(1)(c) of Council Regulation 44/2001/EC of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (“the Brussels I Regulation”), and in particular the requirement that “the contract has been concluded with a person who pursues commercial or professional activities in the member state of the consumer’s domicile or, by any means, directs such activities to that member state”. The CJEU interpreted the national court as asking, in essence, “on the basis of what criteria a trader whose activity is presented on its website or on that of an intermediary can be considered to be ‘directing’ its activity to the Member State of the consumer’s domicile ..., and second, whether the fact that those sites can be consulted on the internet is sufficient for that activity to be regarded as such”.

103. The Court held at [69]-[75] that it was not sufficient for this purpose that a website was accessible in Member States other than that in which the trader concerned was established: “the trader must have manifested its intention to establish commercial relations with consumers from one or more other Member States, including that of the consumer’s domicile”. It went on at [80]-[81] to say that relevant evidence on the point would be “all clear expressions of the intention to solicit the custom of that state’s customers”. Such a clear expression could include actual mention of the fact that it is offering its services or goods “in one or more Member States designated by name” or payments to “the operator of a search engine in order to facilitate access to the trader’s site by consumers domiciled in various member states”.

104. The CJEU concluded at [93]:

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

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

105. In my judgment these matters are also capable of constituting evidence which bears upon the question of whether an offer for sale or an advertisement on a website is targeted at consumers within the European Union for the purposes of the first condition under Article 9(1)(a). It is perhaps worth emphasising that, at least in this context, the question is not one of the subjective intention of the advertiser, but rather one of the objective effect of its conduct viewed from the perspective of the average consumer.
106. Both *L'Oréal v eBay* and *Pammer and Hotel Alpenhof* were cases concerned with websites. It is common ground that the test of targeting the consumer in the relevant territory adopted by the CJEU in *L'Oréal v eBay* is essentially the same approach as had previously been adopted with regard to websites by the courts of this country: see *Euromarket Designs Inc v Peters* [2001] FSR 20 at [21]-[25], *1-800 Flowers v Phonenames* [2001] EWCA Civ 721, [2002] FSR 12 at [136]-[139] and *Dearlove v Combs* [2007] EWHC 375 (Ch), [2008] EMLR 2 at [21]-[25].”

154. At [107]-[108], Arnold J said:

“107. *Euromarket v Peters* also concerned an advertisement in a magazine. The claimant, which ran a chain of shops selling household goods and furniture in the USA, applied for summary judgment on a claim for infringement of its UK registered trade mark for the words CRATE & BARREL. The defendants ran a shop in Dublin selling household goods and furniture under the same sign. One of the alleged infringements consisted of an advertisement placed by the defendants in the magazine *Homes & Gardens*. Jacob J set out the relevant facts as follows:

“10. *Homes & Gardens* is a United Kingdom published magazine. The defendants had a single full page colour advertisement. At the top in large letters are words ‘Crate & Barrel’, beneath are two colour photographs, beneath them is the word “Dublin”, in the same large size and lettering. One reads the words naturally as ‘Crate & Barrel, Dublin’. In much smaller letters

the advertisement goes on to say ‘soft furnishings: *Orior by Design*, furniture: *Chalo*’. In even smaller print at the bottom, the advertisement says ‘sofas, tableware, beds, lighting accessories’. Underneath that a website address is given, ‘www.crateandbarrel-ie.com.’ ‘ie’ is webspeak for Ireland. A telephone/fax number is given with the full international code for Ireland.

11. Ms Peters says the advertisement was placed on the recommendation of the furniture supplier, Chalon. It was Chalon who actually placed the advertisement because they could get a better rate. *Homes & Gardens* was chosen because it is widely sold in the Republic and there is no exclusively Irish high quality interior furnishings magazine. The international dialling code was the idea of the photographer who caused it to be used on his own initiative and without the knowledge of Ms Peters. She says that although she knew that *Homes & Gardens* has a substantial United Kingdom circulation, she never expected or intended to obtain United Kingdom customers. She says the defendants have never sold any products in or to the United Kingdom. Doubtless they have sold some products in their Dublin shop to visitors from the United Kingdom.”

108. Jacob J expressed the provisional view that this was not infringing use for reasons he expressed as follows:
 - “16. ... I think there must be an inquiry as to what the purpose and effect of the advertisement in question is. In the present case, for example, the advertisement tells a reader, who knows nothing more, that there is an enterprise called ‘Crate & Barrel’ in Dublin dealing with the goods mentioned. It is probably a shop, for these are not the sort of goods one would order only by mail. Normally, of course, an advertisement placed in a United Kingdom magazine is intended to drum up United Kingdom business and will do so. This is so whether the advertisement is for goods or for a service or shop. But this is not a normal case. This is an advertisement for an Irish shop in a magazine which has an Irish and United Kingdom circulation.

 -
 18. ... It is Article 5 which sets out the obligatory and optional provisions as to what constitutes infringement. It is Article 5 which uses the expression ‘using in the course of trade ... in relation to goods or services’ from which section 10 of the United Kingdom Act is derived.

19. The phrase is a composite. The right question, I think, is to ask whether a reasonable trader would regard the use concerned as ‘in the course of trade in relation to goods’ within the Member State concerned. Thus if a trader from state X is trying to sell goods or services *into* state Y, most people would regard that as having a sufficient link with state Y to be ‘in the course of trade’ there. But if the trader is merely carrying on business in X, and an advertisement of his slips over the border into Y, no businessman would regard that fact as meaning that he was trading in Y. This would especially be so if the advertisement were for a local business such as a shop or a local service rather than for goods. I think this conclusion follows from the fact that the Directive is concerned with what *national* law is to be, that it is a law governing what traders cannot do, and that it is unlikely that the Directive would set out to create conflict within the internal market. ... One needs to ask whether the defendant has any trade here, customers buying goods or services for consumption here. ...”

155. In *Omnibill v Egpsxxx* [2014] EWHC 3762 (IPEC); [2015] ECDR 1, Birss J provided the following summary at [12]:

“It is clear that the question of whether a website is targeted to a particular country is a multi-factorial one which depends on all the circumstances. Those circumstances include things which can be inferred from looking at the content on the website itself and elements arising from the inherent nature of the services offered by the website. These are the kinds of factors listed by the CJEU in *Pammer* in the passage cited by Arnold J. However as can be seen from paragraph 51 of Arnold J’s judgment he took other factors into account too, such as the number of visitors accessing the website from the UK. I agree with Arnold J that these further factors are relevant. Their relevance shows that the question of targeting is not necessarily simply decided by looking at the website itself. Evidence that a substantial proportion of visitors to a website are UK based may not be determinative but it will support a conclusion that the acts of communication to the public undertaken by that website are targeted at the public in the UK.”

156. *Omnibill* was a case about the communication of copyright works to the public through a website. It concerned a directory of escort services which had a particular sub-domain which was accessed by a substantial number of UK users.

157. Mr Hill submitted that (a) Birss J’s approach is equally applicable to cases of trade mark infringement, and (b) websites are often directed at multiple audiences and often include parts aimed at different audiences, as Birss J accepted on the facts in *Omnibill* at [13]-[14].

158. Mr Riordan submitted that (a) *Omnibill* illustrates that evidence of substantial intentional UK access to a website may be relevant to whether visitors regard the contents as directed at them (because it may be said to demonstrate their reaction to the contents of the website), (b) in contrast, however, access which is mistaken or accidental is irrelevant and should be disregarded (because it is incapable of shedding any light on such matters), (c) in any event, there is an important difference between copyright cases (in which communication to the public arises from the mere making available of material) and trade mark cases (where it is necessary for the use of the relevant mark in the course of trade to take place within the territory of the mark, and it is not enough that a sign is accessed from the relevant territory by third parties).
159. I was also referred (among many other cases) to two pre-*Pammer* first instance decisions of Jacob J and Kitchin J (as they then were) respectively.
160. In *1-800-FLOWERS Trade Mark* [2000] FSR 697 Jacob J had to consider whether Internet use of the mark 1-800 FLOWERS constituted use of that mark in the UK. Jacob J said at p705:

“Reliance is also placed on Internet use of 1-800 FLOWERS. This name (with the addition of Inc.) is used for a website. Mr Hobbs submitted that any use of a trade mark on any website, wherever the owner of the site was, was potentially a trade mark infringement anywhere in the world because website use is in an omnipresent cyberspace; that placing a trade mark on a website was “putting a tentacle” into the computer user’s premises. I questioned this with an example: a fishmonger in Bootle who put his wares and prices on his own website, for instance, for local delivery can hardly be said to be trying to sell the fish to the whole world or even the whole country. And if any web surfer in some other country happens upon that website he will simply say “this is not for me” and move on. For trade mark laws to intrude where a website owner is not intending to address the world but only a local clientele and where anyone seeing the site would so understand him would be absurd. So I think that the mere fact that websites can be accessed anywhere in the world does not mean, for trade mark purposes, that the law should regard them as being used everywhere in the world. It all depends upon the circumstances, particularly the intention of the website owner and what the reader will understand if he accesses the site. In other fields of law, publication on a website may well amount to a universal publication, but I am not concerned with that.”

161. In *Dearlove v Combs* [2007] EWHC 375 (Ch), having considered that case and the decision of Jacob J in *Euromarket Designs Inc v Peters and Crate & Barrel Ltd* [2001] FSR 20, Kitchin J said at [25]:

“I believe it is clear from these authorities that placing a mark on the Internet from a location outside the UK can constitute use of that mark in the UK. The Internet is now a powerful means of advertising and promoting goods and services within the UK even though the provider himself is based abroad. The fundamental question is whether or not the average consumer of the goods or services in issue within the UK would regard the advertisement and site as being aimed and directed at him. All material circumstances must be considered and these will include the nature of the goods or services, the appearance of the website, whether it is possible to buy goods or services from the website, whether or not the advertiser has in fact sold goods or services in the UK through the website or otherwise, and any other evidence of the advertiser’s intention.”

162. Mr Hill submitted that these cases make clear that the Court’s consideration is not properly confined to the website alone, and, in particular, that the intentions of the advertiser/website owner can and should be taken into account. Indeed, he submitted that the references in *Pammer* at [92] to the overall activity of the trader and what the trader envisages and has in mind make it clear that the focus should be on the trader rather than on the consumer:

“In order to determine whether a trader whose activity is presented on its website or on that of an intermediary can be considered to be “directing” its activity to the member state of the consumer’s domicile, within the meaning of article 15(1)(c) of Regulation No 44/2001, it should be ascertained whether, before the conclusion of any contract with the consumer, it is apparent from those websites and the trader’s overall activity that the trader was envisaging doing business with consumers domiciled in one or more member states, including the member state of that consumer’s domicile, in the sense that it was minded to conclude a contract with them.”

163. Mr Hill pointed out that this aspect of the decision in *Pammer* had been applied by analogy in intellectual property cases concerning infringement of copyright and database rights. In case C-173/11 *Football Dataco and Others* [2013] FSR 4, for example, the CJEU stated at [39] and [41]:

“39 The localisation of an act of re-utilisation in the territory of the Member State to which the data in question is sent depends on there being evidence from which it may be concluded that the act discloses an intention on the part of its performer to target persons in that territory (see, by analogy, *Pammer and Hotel Alpenhof*, paragraphs 75, 76, 80 and 92; *L’Oréal and Others*, paragraph 65; and *Donner*, paragraphs 27 to 29) ...

41 The fact that Sportradar granted, by contract, the right of access to its server to companies offering betting services to that public may also be evidence of its intention to target them, if – which will be for

the referring court to ascertain – Sportradar was aware, or must have been aware, of that specific destination (see, by analogy, *Pammer and Hotel Alpenhof*, paragraph 89, and *Donner*, paragraphs 27 and 28).”

164. Mr Hill submitted that the explanation for Arnold J’s statement in *Stichting BDO v BDO Unibank* that “the question is not one of the subjective intention of the advertiser, but rather one of the objective effect of its conduct viewed from the perspective of the average consumer” is that Arnold J was there considering an argument by the user of the sign that the user had no subjective intention to target the UK. In that context, the remark was apposite: a trader cannot rely upon evidence of his subjective intention to defeat an allegation that a website is targeted at the UK when, objectively assessed on the overall evidence, its contents are aimed at the UK based average consumer.
165. Mr Hill submitted that where someone has a positive intention to target, it is right to take the same approach as applies in like circumstances in the context of passing off: the burden on the claimant is lightened, because “where an intention to deceive is found, it is not difficult for the court to infer that the intention has been, or in all probability will be, effective” (see *Slazenger v Feltham* (1889) 6 RPC 531 and 536 per Lindley LJ).
166. Finally, Mr Hill placed reliance on CJEU and national authorities which show that evidence of subjective intention is taken into account under EU trade mark law in related areas. He submitted that: (1) in *Specsavers v Asda* [2012] EWCA Civ 24 [115]-[116] the Court of Appeal accepted that intention to confuse was relevant to the question as to whether there was a likelihood of confusion for the purposes of Article 9(1)(b) of the Regulation; and (2) in *Jack Wills v House of Fraser* [2014] EWHC 110 (Ch) Arnold J stated at [80] that intention to take advantage of a trade mark was relevant to determining whether there was infringement through free-riding under Article 9(1)(c), albeit that it was not necessary to show it.
167. Mr Riordan submitted that Arnold J’s statement in *Stichting BDO v BDO Unibank* could not be explained away, or given a narrow interpretation, on the basis suggested by Mr Hill. The statement is clear. It would be illogical to take a different approach to the foreign trader’s positive intention than to the foreign trader’s negative intention.
168. This submission fed into another argument advanced by Mr Riordan, namely that in the converse situation where the Court is considering an allegation of non-use, what is required to defeat the allegation is some “active step”, and an intention to use the mark in the UK will not suffice. He referred to *1-800 Flowers v Phonenames Ltd* [2001] EWCA Civ 721, [2002] FSR 12, Buxton LJ at [137]-[138] in this context.

He submitted that if intention were sufficient to amount to use it would allow an unacceptably wide and ready answer to an allegation of non-use.

169. Mr Riordan focussed on the statement of Kitchin J in *Dearlove v Combs* that: “The fundamental question is whether or not the average consumer of the goods or services in issue within the United Kingdom would regard the advertisement and site as being aimed and directed at him”. He added that in *Yell Ltd v Giboin* [2011] EWPC 009, at [56], [164], HHJ Birss QC (as he then was) reached the same conclusion and stated: “What matters is how the site looks and functions when someone in this jurisdiction interacts with it”. He submitted that this is the approach that was applied by Birss J in *Thomas Pink Limited v Victoria’s Secret UK Ltd* [2014] EWHC 2631 (Ch), [2014] FSR 10 at [135]:

“No doubt users in the UK and elsewhere in the EU could and did access the site but all indications on it show that from the time when it started until sometime approximately in 2012 the Facebook postings were not targeted to the EU or UK. The language was US English, the currency was US dollars, no telephone numbers appear directly but the Facebook page links to the L Brands’ US website with US telephone numbers. The vast majority of the content refers to US college type events at US universities. In addition to the events at US universities, the content referred to US store openings, sales for US specific holidays and posts in support of the US Olympics team.”

170. Mr Riordan submitted that these authorities were clear and persuasive, and that I should follow them by assessing the issue of targeting from the perspective of the average consumer who views ASI’s website from within the UK.
171. Among other things, he submitted that this involves leaving out of consideration matters which are not apparent to the average internet user. In the present case, for example, visitors from the UK would not know that ASI’s website had been configured so that one version was displayed to visitors detected by the source code as coming from the Americas and another version was displayed to other visitors. Accordingly, that matter should be disregarded when assessing the issue of targeting. Mr Riordan relied on the observation by Jacob LJ in *Reed Executive Plc & Ors v Reed Business Information Ltd & Ors* [2004] EWCA Civ 159, [2004] RPC 40 at [149(a)] that the following were among the “difficult questions” upon which Jacob LJ said that he would wish to reserve his opinion:

“First, does metatag use count as use of a trade mark at all? In this context it must be remembered that use is important not only for infringement but also for saving a mark from non-use. In the latter context it would at least be odd that a wholly invisible use could defeat a non-use attack. Mr Hobbs suggested that metatag use should be treated in the same way as uses of a trade mark which ultimately are read by people, such as uses on a DVD.

But in those cases the ultimate function of a trade mark is achieved – an indication to someone of trade origin. Uses read only by computers may not count – they never convey a message to anyone.”

172. Mr Riordan submitted that the following propositions could be extracted from *Pammer*, or were apparent from or were supported by other decided cases:

- (1) The test articulated by the CJEU in *Pammer* is that the trader must have manifested its intention to establish commercial relations with consumers from one or more other Member States. Properly understood, this means manifested to the average consumer who visits the website.
- (2) Targeting does not refer to the trader’s subjective intention, but rather to the outward manifestation to consumers of the trader’s presumed intention. Indeed, the actual intention of the trader should be disregarded, because targeting is assessed “irrespective of the intention or otherwise of the trader”.
- (3) There is good reason for the test to be objective, because a subjective test might weaken consumer protection by requiring the claimant to prove that the website operator positively intended to direct its activities in a particular way.
- (4) Trade mark infringement overall is a tort of strict liability. What matters is whether the acts complained of in fact fall within Article 9(1) of the Regulation. It is at best unhelpful, and at worst positively misleading, to conflate questions of intent with the more basic question of whether a use of a sign occurred in a particular territory.
- (5) The formulation that the trader was envisaging doing business with consumers in the sense that it was minded to conclude a contract with them sets a high threshold: the website operator must be seeking to trade with EU consumers. Merely showing ads for third parties’ goods (whether they are local traders or not) does not meet this threshold. It is the wrong type of business, since it does not involve ASI concluding any contracts with users, whether they click on an ad or not.
- (6) One way in which a trader may make it objectively apparent that the trader is prepared (or is not prepared) to establish commercial relations with consumers from a particular territory is by means of express statements on the website. Website operators deserve certainty about the circumstances in which their websites will be considered by EU courts as being “targeted”, particularly since they may well be accessed from anywhere, as in the present case, through no intervention of the operator. One sure way of providing an

objective indication is to state expressly that the operator's market area is limited. This is what ASI has done on all relevant versions of its website.

- (7) Intention may only be manifested by "clear expressions" to solicit custom from consumers in the territory, where such expressions come from the website itself, either expressly or on the basis of various objective factors (see *Pammer* at [80]-[81] and [93]). Merely displaying ads (whose content is determined by an ever-changing algorithm the details of which are known to nobody but Google) is only an *equivocal* expression, not a clear one.
- (8) Mr Riordan further submitted that in *L'Oreal* at [64]-[67] the CJEU had made clear that the Court is required to consider the website as a whole, rather than a specific sub-page or offer for sale in isolation.

173. Mr Riordan also pointed out that website operators have no control over who visits a public website and are powerless to stop foreign visitors, even if unwanted, from typing in the URL (as the present case demonstrates). That decision by a consumer to access a website precedes any intervention by the website operator, and takes place before any use of the sign by them, and irrespective of their intention.

(ii) *The correct legal approach to the issue of targeting*

174. The issue raised by these submissions is an important one. Among other things, the correct answer will determine what evidence is relevant and admissible and how the Court should approach the assessment of that evidence. In addition, the correct approach to the issue will have a profound influence on the extent of the jurisdiction of the Court with regard to the activities of foreign traders, and, specifically, as to the circumstances in which a foreign trader which operates a website which attracts substantial traffic from the UK may find itself in jeopardy as a result of displaying ads on that website. The potential clash between the rights conferred by EU trade mark law and the operation of a foreign trader's website which is not suggested to be unlawful under the laws of the trader's country of domicile, arising because the foreign trader's domain name and website contents are accessible in the EU, requires handling with care, and possibly circumspection.

175. In the present case, as Mr Riordan submitted, and as I did not understand Mr Hill to dispute, targeting is a threshold question for each of AUL's claims: if the issue is answered adversely to AUL, that will be dispositive of all of those claims.

176. Moreover, the issue is not entirely straightforward, as I believe is apparent from the rehearsal of the arguments and the above citation from the decided cases.

177. It is clear that if, viewed objectively, the foreign trader's activity is directed at consumers in the UK, the fact that, subjectively, the trader did not intend this result will not prevent the use that is sought to be impugned from occurring in the UK.
178. It is equally clear that if, viewed objectively, the foreign trader's activity is not directed at consumers in the UK, the fact that, subjectively, the foreign trader did intend to direct it at them will not result in use of the impugned sign in the UK. An example of this might be where, whatever the trader's hopes and aspirations, either separately or cumulatively matters such as (i) the nature of the goods or services, (ii) the appearance of the website, (iii) difficulties about buying goods or services from the website, and (iv) the circumstance that over a long period the trader has not in fact sold any goods or services in the UK through the website or otherwise, clearly point to the conclusion that there has been no use in the UK.
179. Accordingly, it is clear that the trader's subjective intentions are neither a necessary nor a sufficient factor to establish use in the UK. Something more is required, namely, in my judgment, that the objective effect of the trader's conduct should be that (in the context of the present case) an offer of goods or services or an advertisement displayed on a website is targeted at consumers within the UK.
180. Furthermore, whether that is or is not so is to be assessed from the perspective of the average consumer (who is reasonably well-informed and reasonably observant and circumspect in his use of the internet as in all other respects). As Kitchin LJ explained in *Interflora (No 5)*, that hypothetical person or legal construct (who is of a type invoked in many other areas of the law, which has led to the judicial observation that he is "hard-pressed") has been created to strike the right balance between various competing interests in the area of trade mark law, and also to provide a standard, defined in EU law, which national courts may then apply.
181. It does not follow from that, however, that it is necessarily irrelevant or impermissible to consider the trader's subjective intentions. As a matter of common sense, speaking in general terms, the more clearly and coherently something is intended, or is sought to be avoided, the more likely it is to be achieved, or avoided, as the case may be. More specifically, evidence as to the trader's intentions may shed light on whether some particular feature of his conduct should or should not be assessed, objectively, as producing the result of targeting the average consumer.
182. Further, matters external to the website – such as advertising which is directed at and read by UK consumers – may be relevant to a determination of the objective effect on such consumers of the trader's conduct in placing content on the website. If advertising materials (for example) are not read by UK consumers then, in my view, they will not be relevant. An example might be where flyers intended for

insertion in a magazine are not distributed at all for some reason, such as administrative error by the distributors. The same would apply if the evidence showed that inserts were not looked at (e.g. if they were found discarded in large quantities besides stands where newspapers are distributed free at railway stations).

183. In addition, evidence as to the nature and extent of visits to the website from UK consumers may be relevant to that question. These matters are capable of confirming how such consumers react to that content. Logically, the mere fact of visits which are unintended will provide no such confirmation. Similarly, if their visits are of very short duration, their reaction is likely to support the conclusion that the website and its contents are not targeted at consumers within the UK.
184. I believe that this analysis accords not only with: (i) the analysis (endorsed by Birss J) of Arnold J in *Stichting BDO v BDO Unibank*, leading to the conclusion that “the question is not one of the subjective intention of the advertiser, but rather one of the objective effect of its conduct viewed from the perspective of the average consumer” and (ii) the exposition of the Court of Appeal in *Interflora (No 5)*, but also with (iii) Jacob J’s statements in *Euromarket v Peters* that in order to determine whether there is use in a territory “there must be an inquiry as to what the purpose and effect of the advertisement in question is” and in *1-800-FLOWERS Trade Mark* that “It all depends upon the circumstances, particularly the intention of the website owner and what the reader will understand if he accesses the site”, (iv) Kitchin J’s reference in *Dearlove v Combs* to “any other evidence of the advertiser’s intention” (which I would interpret, in context, as being a reference to evidence of intentions which are manifested in such a way that “the average consumer of the goods or services in issue within the UK would regard the advertisement and site as being aimed and directed at him”), (v) the statements of Birss J in *Omnibill v Egpsxxx* that “the question of whether a website is targeted to a particular country is a multi-factorial one which depends on all the circumstances” and in *Yell Ltd v Giboin* that “What matters is how the site looks and functions when someone in this jurisdiction interacts with it”, and (vi) the jurisprudence of the CJEU to which I have been referred (bearing in mind, as I think is right, that when statements made in other areas of the law are applied by analogy to the question of use of a sign it is necessary to have careful regard to the context in which those statements were made – for example, even if it were right to say (which I do not need to decide) that the focus should be on the activity of the trader for purposes of determining whether a trader whose activity is presented on its website can be considered to be “directing” its activity to the member state of the consumer’s domicile, within the meaning of article 15(1)(c) of Regulation No 44/2001, it does not follow, and indeed I consider that it would be wrong to suggest, that the focus should be anywhere other than on the effect of the trader’s activity on the average consumer for purposes of Article 9 of the Regulation).

185. I therefore agree with Mr Hill that, in a case like the present, the Court's consideration is not necessarily confined to the website alone. I also agree with him that there is no hard and fast rule that, when exploring the question of targeting, it is necessary to have regard to the entirety of the website, as opposed to, say, the landing or home page alone. It all depends on the circumstances. If the evidence shows that some part of the website is so configured as to attract a substantial number of UK users, it may be appropriate to have regard to that part of the website alone, even if, viewed globally, the website is clearly not directed to UK users.
186. At the same time, however, I agree with Mr Riordan that, ultimately, one always comes back to the same question, which is a threshold requirement for all of AUL's claims in the present case, namely whether or not the objective effect of ASI's conduct is that UK internet users who are reasonably well-informed and reasonably observant and circumspect will regard ASI's website (or part of it) as being "for them" (in the words of Jacob J) or "aimed and directed at them" (in the words of Kitchin J) in sufficient numbers to justify banning ASI's use of the sign ARGOS.
187. For this reason, I also agree with Mr Riordan that little, if any weight, should properly be attached to features or aspects which are not apparent to UK users. For example, in this case, UK consumers would not have known that there was in existence for some of the time a different USA-facing version of ASI's home page.

(iii) AUL's contentions on the facts

188. The way in which Mr Hill put AUL's case in opening is that ASI has targeted its domain name at the UK. He relied on the following matters:
- (1) The traffic to the home page of ASI's website has at all relevant times overwhelmingly consisted of internet users based in the UK.
 - (2) ASI knew this well before it introduced AdSense advertising and specifically introduced AdSense advertising to capitalise on these internet users through the display of that advertising to them.
 - (3) In effect ASI knew that, as a result of the ownership of ASI's domain name and the internet traffic from the UK that went to that address, it had the ability to offer advertisers the virtual equivalent of a billboard located in the UK. ASI decided to use AdSense, as the most widely known and used online advertising service, to make that virtual billboard available to advertisers.

- (4) What transpired when ASI introduced AdSense advertising was exactly as intended by ASI. The advertising generated clicks from the UK based internet traffic, yielding substantial revenue for ASI.
- (5) In 2012, ASI configured its website so that it displayed a specific home page to internet users based in the UK and in other countries where it did not conduct business in its computer software. The configuration was carried out so as to present that page only to those users, and accordingly its contents were plainly directed at them.
- (6) The fact that the content of ASI's website relating to its software is not of interest to UK or EU based internet users, and that ASI may not sell that software to UK or EU based customers is irrelevant. That is not all the content of ASI's website. An approach which ignores the AdSense advertising and the fact that in effect ASI had decided to set up an independent business in advertising services by including that advertising is wrong, and is particularly difficult to understand in relation to the home page specifically set up for UK visitors in 2012.

(iv) ASI's contentions on the facts

189. The thrust of Mr Riordan's submissions was that ASI only traded in the Americas, undertook no trade in the EU or the UK, and had no intention of trading in the EU or the UK; that the contents of ASI's website accorded fully with these matters; and that all this would be apparent to the average UK visitor to the website. Many of his submissions relied on a consideration of the website as a whole. He submitted that, if it is relevant for the Court to take into account the making of contracts with consumers from the UK when determining whether a website operator is targeting the UK, then it must also be relevant for the Court to take account of the absence of such contracts; and, likewise, that if an intention to trade with the UK is relevant, an intention not to trade with the UK must also be relevant.
190. Mr Riordan made the following specific points, which he submitted were fully supported by the evidence of ASI's witnesses, and especially Mr Moilanen:
 - (1) ASI undertakes no trade in the EU or UK. It has no customers in the EU or the UK, does not sell to EU or UK consumers via argos.com or at all, and has never concluded a contract with any consumer from any Member State.
 - (2) ASI's goods and services are supplied to customers either locally (training and support) or by providing software that may only be downloaded in North and South America. ASI's activity is thus not of an "international nature".

- (3) ASI's website has the following features: (i) it does not offer to supply any goods or services to EU visitors, expressly states that consumers outside North or South America may not register for or download its software, and refers such users to the relevant company in the Vertex Group; (ii) it uses a language (US English) and currency (US Dollars), for example when quoting prices, which are those used in the territory in which ASI is established (USA); (iii) it lists local Massachusetts phone numbers and addresses, local maps, hotels, and directions, and gives a customer support number which is a local number; (iv) it contains customer testimonials from US companies for US projects, and a customer page which refers to companies "all over North and South America", all of which is consistent with the fact that ASI's clientele consists of customers domiciled in the Americas; (v) the customer registration form lists only North and South American countries, and defaults to the USA; and (vi) it advertises job opportunities local to Bedford, MA.
- (4) All of ASI's marketing efforts (both online using Google AdWords and offline at trade fairs, in print magazines and the like) have been limited to the American market.
- (5) The ads are run by Google Inc (a US company) pursuant to a contract concluded with ASI in the USA and governed by Californian law. Payments are made to ASI's US bank account by Google in US dollars.

191. Mr Riordan submitted that it was clear that, whatever intention ASI (or individual officers or consultants of ASI) may have had, targeting of the UK was not achieved:

- (1) Mr Patmore accepted that ASI's own statistics from its web server would be more accurate than AUL's estimates. Mr Cohen was taken through matters in detail, and had no reason to disagree with the points that were put to him, including: (a) that 85% of British users leave after 0 seconds, and that 7.4m out of 8.1m sessions overall were under 10 seconds; (b) that the "bounce rate" (users who leave without clicking on any other pages) is very high: 88% overall and 99.98% in the case of British users; and (c) that 90% of users accessing ASI's website typed "argos.com" into their browsers, which is consistent with guesswork (or faulty recollection) on the part of such users.
- (2) There was no real challenge to ASI's statistics. Although Mr Cohen questioned whether they covered precisely the same period as a single screenshot sent to him in 2013, they span a much wider period and provide the most detailed insights into the actual behaviour of visitors from the UK.

- (3) Mr Fox gave unchallenged evidence that non-US visitors to argos.com immediately realise that the website is “not meant for them” and leave: see Mr Fox’s first witness statement at paragraph 68. This evidence is detailed and highly persuasive.
- (4) When cross-examined about alleged “optimisations” that had been made to the “non-US” landing page, Mr Fox’s evidence was that he had based that version on an earlier page and had never sought to change the page “title” metadata field to “Argos”. A 2011 page source code was put to Mr Fox, which was 400% longer than the 2012 non-US page that was used by ASI, and this is consistent with ASI’s aim being to make the non-US home page as bandwidth friendly as possible.

192. Mr Riordan submitted that the Court should conclude, on the evidence, that the average consumer does not regard ASI’s website as being meant for him. For this purpose, ASI’s intentions are neither relevant nor, on any view, determinative. As such, there is no targeting. ASI’s use of the sign ARGOS takes place in the USA.

(v) *Conclusions on targeting in this case*

193. The effect of a foreign trader’s use of Google advertising for purposes of the assessment of targeting has not arisen for determination in any of the cases to which I have been referred, and it raises issues which are important and potentially far-reaching. In the final analysis, however, there is no real doubt as to the essential principles, or as to the guidance as to the general approach and the nature of the legal standard and the tools for implementation provided by the CJEU, and it falls to the national court to apply that guidance to the facts of each particular case.

194. The facts of the present case are highly unusual. As far as I am aware, in none of the authorities to which I have been referred has it been the case that most of the UK visitors to the website in question visit it by mistake, and, in keeping with that fact, that a great many of those visitors leave the website almost instantaneously.

195. Those who visit a website entirely by mistake do not arrive there due to any antecedent act of the trader which is directed at them. Further, many such visitors probably do not ask themselves whether the website is or is not “for them” in the sense of considering whether it offers anything of interest to them: they simply realise that it is not the website that they were trying to reach (and so is not “for them” in another sense), and leave it straightaway to get back to where they were trying to go. If they get as far as seeing that the contents of the website present a ready means of taking them back to their intended destination (as, on the evidence before me, was presented by AUL’s ads on ASI’s website in this case), I consider

that it is at least open to very serious doubt as to whether they regard those contents as being “for them” in the first sense, as opposed to merely offering them a handy way of getting their original quest back on track. Those visitors who are sufficiently intrigued by the contents to linger longer, or who are so slow or patient that they do not turn away immediately, can, of course, be expected to give some consideration to the contents, and, so far as they are concerned, in the present case that gives rise to questions as to (a) their numbers and (b) what that consideration would reveal.

196. Another unusual feature of the present case is that the display of Google ads is, in effect, the determinative factor when assessing the issue of targeting. In simple terms, AUL accepts that without any display of ads it has no real case on targeting; whereas it contends that the display of ads makes good its case on targeting, especially having regard to factors (on AUL’s case) such as that ASI knew that its website was being visited by UK internet users and why, and that in choosing to display ads ASI acted deliberately, created a non-American version of its website, planned to profit from that UK based traffic, and did in fact profit from the same.
197. This raises a question as to how ads are perceived by the average internet user. At least where Google ads are concerned, what is displayed to any individual visitor on any particular website from time to time will be affected by the conduct or characteristics of that individual (or, more accurately, of the user(s) of the computer which is being used to access that website). If a website is accessed from a computer with no browsing history, the ads which will be selected for display to the visitor by the Google algorithms will necessarily be determined without regard to what the algorithm calculates as pertinent to the particular visitor. If the same website is accessed at the same time by two visitors with two different browsing histories, due to the operation of the Google algorithms they may well be shown different ads. I consider that the average internet user would know or suspect that this is the case. Assuming that an ad is directed at the user at all, the more difficult question, in my view, is whether the average internet user would regard ads displayed on a trader’s website for products or services provided by a third party (a) as being directed at the user by the trader, or (b) as being directed at the user by the third party with the assistance of an algorithm operated by someone other the trader, with the agreement of the trader to that ad being displayed as it is.
198. I consider that this is likely to depend on context and expectation. For example, if a user who has previously been researching English fishmongers online visits the website of the Times newspaper and sees displayed there an ad for an English fishmonger, the user may well not trouble to think about whether the ad has been directed at them by the Times, by the fishmonger, or by both of them. The user will have visited the website deliberately, and in the expectation that everything that the

user will find there will not only be “for them” but will have been selected for display to them on the website, and so any such thoughts are merely a distraction.

199. In my view, the position may well be different if, while trying to visit the Times website from his laptop, the user goes instead and by mistake to the home page of the Times of India newspaper, where s/he finds displayed headline stories relating to Indian news together with an ad for an English fishmonger. In those circumstances, the average user would know or suspect that the only reason why this ad is being displayed to them is because their previous browsing history has been taken into account by the computer programme they have used to access that website, and I consider that at least some average users would regard the ad as being directed at them by the advertiser and not by the Times of India proprietor.
200. For convenience, I will call these two classes of average UK internet user “unenquiring” and “enquiring” respectively. Although I believe that this distinction is correct, however, I do not consider that I have any material which enables me to form an assessment of the proportions in which users are likely to be divided between those two classes, either generally or in the circumstances of this case. For that reason, while I have taken account of this distinction in the analysis which follows, all I believe that I can safely say about it is that it further dilutes the extent to which the evidence before me supports AUL’s case, possibly to a large extent.
201. I turn from those (illustrative) points of distinction between the present case and the decided cases to which I have been referred to consider the evidence in this case.
202. It is clear that ASI’s website was visited by many internet users based in the UK not only when ads were displayed on it but also before any ads were displayed on it, and that this has continued after ads were removed from it. This is overwhelmingly a product of mistake, and, to a significant extent, is due to UK users guessing or assuming that the argos.com domain name is owned by AUL. This traffic arises because ASI, entirely lawfully and properly, registered the argos.com domain name (in 1992) either before AUL thought of registering a domain name at all (which it first did in 1996) or at least before AUL thought of registering argos.com as AUL’s domain name or one of AUL’s domain names. It does not arise because ASI has done anything to attract internet users based in the UK to ASI’s website.
203. According to ASI’s evidence concerning the period after ads began to be displayed on ASI’s website in January 2012, 90% of users accessed argos.com by navigating directly to the site, and only 2% of traffic to the site was search or referral. According to AUL’s disclosure (i.e. the email from Mr Thomas dated 16 September 2013, which may be a snapshot of traffic for some period in 2013),

97.1% of users navigated directly to the site and only 2.9% came through a search engine. Mr Thomas also expressed the view that all of this 97.1% was “misdirected traffic”.

204. I am in no doubt that those UK users who went past the home or landing page of ASI’s website, whether before or after or during the time that ads were displayed on that page, would not regard the site as being aimed or directed at them. This follows from the features of ASI’s website which were identified by Mr Riordan, whether viewed separately or cumulatively. I did not understand the contrary to be seriously suggested by Mr Hill. Indeed, I consider that it is because he recognised, without conceding, that this is pretty clearly the case that Mr Hill devoted time to the argument that the content of the home or landing page of the website, including and in particular the ads that were displayed on that page between 2012 and 2015, can and should be considered by itself when assessing ASI’s targeting of UK users.
205. In addition, I have no doubt that UK users who viewed the contents of the home or landing page of ASI’s website would not regard even that page in isolation as aimed or directed at them either (a) when no ads were displayed on it or (b) if they viewed those contents separately from the ads. I consider that this follows for the like reasons as are stated above in respect of the website viewed as a whole. The first sample landing page that is reproduced above uses American spelling (i.e. “Program”), and all three samples identify the website operator as Argos Systems Inc. and show styles of building which are American, or at all events not of a kind that is typical to the UK. Further, this accords with the fact that AUL did not object, and AUL’s concession that it could not have objected, to ASI’s use of argos.com for email and as a simple website promoting its CAD software and related services.
206. It follows, in my judgment, that AUL’s case on targeting can only be sustained by considering the content of the home page (a) alone and (b) including the ads.
207. There is evidence that a significant number of the ads which were displayed on ASI’s website were AUL’s ads. Among other things, this is apparent from the statistics contained in Summit’s email dated 4 July 2013 (e.g. for revenue generated from visitors to the website clicking through and buying products from AUL).
208. In accordance with my ruling on the issue of consent, I consider that these ads ought properly to be disregarded for purposes of assessing the issue of targeting. If, as I have found, AUL expressly consented to the display of AUL’s ads on ASI’s website, then if and to the extent that this caused or contributed to the result that the website was targeted at UK users, in my judgment AUL cannot rely upon that

targeting as a basis or element of its current claims against ASI. For purposes of the discussion which follows, however, I will assume that the contrary is correct.

209. The trial materials contain scant evidence as to precisely what ads were displayed on ASI's website from time to time. I summarise that evidence as follows.

210. First, there are the sample screenshots produced by ASI:

- (1) The sample screenshots of the home page that are reproduced above are discussed in Mr Moilanen's witness statement dated 30 September 2015.
- (2) The first of those examples shows an ad for Belmont water, and, in particular, a delivery service for that product. The only price quoted for the "Budget Plan" delivery service is in US \$ (i.e. "Starting at \$19.99"), and the ad refers to a "New Cancel Anytime Program (sic)". In my view, this ad is not directed at UK visitors to ASI's website, and that would be obvious to them. Jacob J's observations in *1-800-FLOWERS Trade Mark* [2000] FSR 697 at p705 apply.
- (3) The second of those examples shows two ads. On the left, there is an ad for Choice Hotels, which includes an offer for a gift card if two separate trips are taken. The value of the gift card is given in US \$ (\$50) and it is stated to cover "Dining, Shopping or Gas (sic)". In my view, the same points apply as in the case of the ad for Belmont water. At the top of the page there are two ads for products made by American Apparel: one (illustrated by some caps) is for "Baseball Caps", the other (illustrated by models wearing bras) is for "Cotton Intimates". Although baseball is an American game, the expression "baseball cap" is used in the UK; however, I consider that the average UK internet user would regard the expression "intimates" in relation to bras and so forth as an American expression. Even assuming that a significant number of UK users would know or suspect that American Apparel markets goods internationally, including in the UK, I consider that looking at these ads alone the average consumer would regard them as aimed and directed at the USA. In my view, that conclusion follows even more clearly if, as I consider probable, the average consumer would look at these ads not in isolation but in the context of the remaining contents of the webpage, including the ad for the Choice Hotels gift card (which is plainly not directed at them). If I am wrong about that, the points made in (6) and (7) below apply to these two ads.
- (4) The sample screenshots contained in exhibit "PM6" to Mr Moilanen's witness statement do not take this aspect of the case any further.

- (5) The sample screenshots contained in exhibit “PM7” to Mr Moilanen’s witness statement (which relate to the period from January 2012 to December 2014) include one version of the homepage of ASI’s website. On the left is an ad for “Dispatch+Mobile (sic) Software” which encourages visitors to “View a free demo today” and appears to have a “play” facility. There are two further ads at the top of the page: the first contains the text “Control your brand with online proofing”; the second is for Campo and is illustrated by a row of tee shirts. None of these ads appears to me to have any particular territorial flavour or direction. I consider that very many UK internet users would not regard any of these ads as directed at them, because (a) the ads appear on a webpage the substantive contents of which such users would not regard as directed at them, and (b) it is more likely than not that they would take that into account when considering whether the ads are directed at them. In the case of the software ads in particular, I consider that the average user would be more likely than not to think that these ads had been selected for display because the products offered are believed (by the advertiser, the trader, and any algorithm involved in selecting those ads for display to him or her) to complement the trader’s software, and as likely to be of interest to the same customer base as that of the trader, and that because the trader’s offer of its own software is not directed at the UK the same applies to these ads.
- (6) However, I also consider that a number of UK internet users would be unclear as to whether or not these ads are directed at them. In my view, those who had any interest in finding out the true position would not reach a conclusion without enquiring further, typically by clicking on the ads. On the evidence and arguments before me I do not consider that I have any reliable basis for saying what proportion of UK internet users would fall into that category, still less what any such further enquiries might reveal to them.
- (7) I therefore conclude that AUL has not made out a case that UK internet users would regard these ads, either alone or together, as directed at them.
- (8) The sample screenshots contained in exhibit “PM8” to Mr Moilanen’s witness statement (which relate to the period from January 2015 to September 2015) include one version of the homepage of ASI’s website. This contains exactly the same ads as appear on the sample screenshot in exhibit “PM7” and the same points apply.
211. Second, a number of screenshots of the home page of ASI’s website are contained in exhibits “TFDK3”-“TDFK8” to Mr Keane’s witness statement dated 9 September 2016. All his “initial” screenshots were obtained after Mr Keane had first entirely cleared his Internet Explorer browser history, and all his “follow up”

screenshots were obtained after he had visited only a few websites. As set out above, this did not replicate the behaviour of the average consumer or generate the ad display results which such a person would obtain when visiting ASI's website. On the contrary, the average user will have a browsing history, and, although the details of Google's algorithms are not known and those algorithms are no doubt complex, it is clear that this history will typically play a part in determining which ads are displayed when that user's computer is used to visit any website on which ads are displayed through Google advertising. (This will not always be the case, because the operators of the websites which the user has previously visited may have blocked their ads from being displayed on the website which s/he is currently visiting; and the operator of the website which s/he is currently visiting may have blocked the display of ads relating to those other operators' products.)

212. As to Mr Keane's screenshots:

- (1) The first of the "initial" screenshots exhibited by Mr Keane contains three ads. On the left is an ad for Policy Manager – a "Simple Policy Management Solution" which enables one to "Centralize (sic) and Automate Policies". At the top of the page there are two further ads: first, one for Rimini Street, which is a provider of software support; second, one for Psyche Systems LIS, a software supplier. All three of these ads include .com domain names. In my judgment, the same points apply to this screenshot as apply in relation to the sample screenshots in exhibits "PM7" and "PM8".
- (2) The second screenshot exhibited by Mr Keane was obtained after he had browsed the websites of John Lewis, Tesco and ao.com. This shows two ads at the top of the page for "management dashboard" software, one of which includes a .com domain name, to which the same points apply as apply to the ads at the top of the pages in "PM7" and "PM8". On the left of the page is an ad for John Lewis, for a TV stand which has a price of £49.95. I consider the average UK internet user would regard this ad as directed at them. However, that would not cause such a user to regard the page as directed at them.
- (3) I have reached this conclusion in light of the remaining contents of the page (i.e. not only the most substantial area, which relates to ASI's products and services, but also the two ads at the top of the page).
- (4) In addition, however, I consider that the average UK internet user – and especially one who, like Mr Keane, had very recently browsed the website of John Lewis - would know or suspect that the reason why an ad for John Lewis (or for a type of product for which the user has previously been searching, or for a competitor of John Lewis) is displayed on the website of a

trader which (like ASI) is supplying quite specialised CAD software is because an algorithm has determined, by reference to that user's search or browsing history, that s/he may be interested in that ad. I consider it likely that the average internet user would believe that this has something to do with that user's search or browsing history being monitored by Google – as would, in fact, be correct in the case of Mr Keane's visit to ASI's website. Whether or not the average internet user would reach that stage of thought or surmise, however, I consider that some such users would be unenquiring (i.e. would not trouble to think whether or not the ad was being directed at them by ASI) and some enquiring (i.e. would think that it was being directed at them by the advertiser, namely John Lewis, and was not being directed at them by ASI).

- (5) Mr Keane's third screenshot is another "initial" one. Again, it includes three ads. The points made in respect of the screenshot in exhibit "PM7" apply to the ad on the left of the page and one of the ads at the top of the page.
- (6) However, the second ad at the top of the page (which is for software) contains a .co.uk domain name. For this reason, I consider that, on the one hand, some UK internet users would regard this ad as directed at them. On the other hand, however, I consider that some of them would not, for the same reasons as apply to the software ads that are displayed on the screenshot of ASI's home page in exhibit "PM7". Further, some of the users in the first class would be unenquiring and some enquiring, and only those who were unenquiring would regard the ad as directed at them by ASI. In any event, I do not consider that even the first class of UK internet user would regard the page as directed at them (a) in light of the remaining contents of the page, and (b) for the like reasons as are given above in respect of the John Lewis ad.
- (7) Mr Keane's fourth screenshot was obtained after he had browsed the websites of Amazon, John Lewis, Tesco and ao.com. This shows the same two ads at the top of the page as are shown in his third screenshot and an ad for John Lewis on the left of the page which includes various prices in £ Sterling. The points made above with regard to the second screenshot also apply to this.
- (8) Mr Keane's fifth screenshot is another "initial" one, and the like points as are made in respect of his third screenshot above apply to it.
- (9) Mr Keane's sixth screenshot was obtained after he had browsed the website of Very, and on left of the page it has an ad for a HP laptop which contains a price in £ Sterling and the promise "Free Returns & Next Day Delivery". The two ads at the top of the page are for all practical purposes the same as the

ads at the top of his fifth screenshot. The points made above with regard to the second screenshot apply to this screenshot as well.

- (10) Mr Keane's seventh screenshot is another "initial" one. It contains three ads. On the left is an ad for inventory software which includes a .com domain name. The two ads at the top are also for software. One is for a service desk tool and contains no domain name or product price. The other contains a .com domain name and includes a price of US \$49, and I consider the average UK internet user would not regard it as directed at them for this reason. Apart from that difference, I consider that the same points apply to this screenshot as apply in relation to the sample screenshots in exhibits "PM7" and "PM8".
- (11) Mr Keane's eighth screenshot was obtained after he had browsed the websites of ao.com, Tesco and John Lewis. This shows the ads for the same products as the ads which were shown at the top of the page in his seventh screenshot, save that the ad for the product priced at US \$49 now appears on the left of page. In place of that ad there appears at the top of the page a Tesco ad for washing machines with prices quoted in £ Sterling. The points made above with regard to the second screenshot also apply to this screenshot.
- (12) Mr Keane's ninth screenshot is another "initial" one, and the like points as are made in respect of his third screenshot above apply to it.
- (13) Mr Keane's tenth screenshot was obtained after he had browsed the website of AUL. It shows an ad for a software product which has a US \$ price at the left of the page and two of AUL's ads for iPads with prices in £ Sterling at the top of the page. The points made above with regard to the second screenshot apply to this screenshot as well.
- (14) Mr Keane's eleventh screenshot is another "initial" one, and the like points as are made in respect of his third screenshot above apply to it.
- (15) Mr Keane's twelfth screenshot was obtained after he had browsed the websites of AUL, John Lewis, Tesco and Very. This shows one of the same ads as was shown at the top of the page in his eleventh screenshot, which is for a software product and which includes a .co.uk domain name. The second ad at the top of the page is for an iPad and has a £ Sterling price. The ad on the left of the page is a John Lewis ad for a Canon camera with a £ Sterling price. This is the strongest example for AUL's purposes, because all three ads in this instance appear to be me for these reasons to be targeted at the UK. Nevertheless, and with the difference that this page has no ad targeted at the USA, I consider the points made in respect of the second screenshot apply.

213. In addition, AUL's disclosure contains an internal email from Mr Patmore dated 2 May 2014 on the subject "Argos.com adverts" which has attached to it a version of the home page of ASI's website. One of the two ads at the top of the page is for AUL, the second ad at the top of the page is for a software company with a .com domain name, and the ad at the left hand side of the page is for a Morphy Richards steam carpet cleaner and gives an amazon.co.uk domain name. In my view, the points made above in respect of Mr Keane's second screenshot also apply to this.
214. Pulling all this together, and focussing on ads alone, the advertising content of the sample screenshots which are in evidence varies between (a) that which is entirely and unequivocally not directed at UK consumers, (b) that which is in part not directed at UK consumers and is in part directed at a territory which is unclear but, in the context of the part that is not directed at UK consumers, appears also likely not to be directed at UK consumers, (c) that which is in part not directed at UK consumers and in part directed at UK consumers, and (d) that which is entirely directed at UK consumers (of which the only example which has been produced is Mr Keane's twelfth screenshot, which was displayed to a UK user whose entire history consisted of browsing the websites of AUL, John Lewis, Tesco and Very).
215. In light of the statistics as to bounce rates and the duration of the visits made to ASI's website by UK users, it seems likely that the vast majority of UK visitors did not look at the ads at all. Accordingly, as the ads were the only part of the website that was aimed or directed at UK visitors (and even then only in some instances), that vast majority would not have regarded ASI's website or any part of it as being aimed or directed at them at all. In all likelihood, this vast majority comprised individuals who were seeking to get to AUL's website, and who would have realised, in my judgment, virtually instantaneously that they had reached a website that was not AUL's website, and had nothing to do with AUL. This vast majority probably would not have got as far as seeing whether the website was operated by a trader which offered anything that was either available to them or of interest to them, but, to the extent that they had time to do so, they would have seen that the trader was not selling retail goods but specialist CAD software, and from the USA.
216. There may be a partial exception to the above in the case of AUL's ads, because AUL's revenue figures alone suggest that significant numbers of visitors to ASI's website "clicked through" to AUL's website using AUL's ads on ASI's website. However, such a visitor's perception of those ads was unusual: it was not that of a consumer looking to see whether what was offered by the ad was of interest to the consumer, but, rather, was that of a lost or misdirected internet user viewing the ad as a convenient way of rectifying the mistake that had taken him to ASI's website.

217. Due to the operation of Google’s algorithms, it seems to me that would be the case, in particular, of those lost or misdirected users who made repeat visits to ASI’s website. There is no breakdown of how many visitors were repeat visitors, but the evidence (e.g. in Mr Thomas’ email dated 14 November 2013) suggests that the numbers may have been considerable. Visitors to ASI’s website who were existing customers of AUL might well, because of their previous browsing or purchasing history, be presented with an AUL ad on their first visit to ASI’s website. Further, the prospect that they would be presented with such an ad on a subsequent visit would rise if, having visited ASI’s website, they then visited AUL’s website, especially if they did so having clicked through an AUL ad on ASI’s website. On the face of it, having visited ASI’s website by mistake on one occasion, it would be reasonable to expect them to avoid that mistake in the future, and instead to go directly to the domain name of AUL’s website. However, many people make the same mistake more than once, especially if they need to clear their history to avoid being directed to argos.com instead of argos.co.uk by default on future occasions.
218. Of those who did look at the ads, it seems unlikely that many of them would have confined their visit to viewing the ads alone. It seems to me that this is probably true of anyone who visited the site for as long as 21 seconds (one of the figures contained in ASI’s statistics) or those who visited for 22 seconds and viewed on average 1.16 pages (some of the figures contained in AUL’s disclosure). In the case of many of ads, the average UK visitor would not regard the ad as being aimed or directed at him even if the ad or ads were viewed in isolation. If the average UK consumer looked beyond the ads, even in a case where an ad or ads was or were aimed or directed at him, he would not regard anything else on ASI’s website over and above such ad(s) as aimed or directed at him, and the longer the user remained on the site and/or went beyond the home page the more that this would be the case.
219. Moreover, for the reasons explained above, I consider that only some average UK internet users would regard any ads on ASI’s website which are directed at them as being directed at them by ASI as opposed to being directed at them by advertisers.
220. Although it is not safe to extrapolate from Mr Keane’s visits to ASI’s website, even the fruits of those visits provide very limited support for AUL’s case for all the above reasons. However, AUL’s case also included arguments about extrapolation.
221. For example, it was a recurring theme that it could be inferred that ads for AUL’s competitors would have been displayed on ASI’s website, with the prospect that visitors then “went on to click on an advertisement for a competitor’s website, e.g. John Lewis, diverting sales and revenue from Argos to its competitors” (see Mr Barrett’s witness statement dated 5 October 2016 at paragraph 10). This loomed

particularly large in the evidence of Mr Barrett, who went on to state “There is simply no way the business can measure this loss of business and revenue”.

222. Although, stated at a high level of generality, the inference that ads for AUL’s competitors would have been displayed on ASI’s website is not unreasonable, I consider that AUL’s difficulties start at an antecedent stage: paraphrasing Mr Barrett’s words, on the evidence before me there is no way of measuring the extent to which that occurred. In most of the cases to which I was referred, the material contents of the websites in question were less variable than applies in the case of ads, where the content varies or may vary according to different visitors and even in respect of the same visitor at different times. This gives rise to uncertainties about website content over time of a kind which, as far as I can see, played no part in those cases. In the present case, I consider that AUL needed to produce better evidence than it has to make good this point, and that inference does not suffice.
223. For all these reasons, and having regard to the perceptions and expectations of the average consumer, I am unable to hold that the proportion of UK visitors to ASI’s website who would have regarded the site or any part of it as aimed or directed at them was such as to warrant the conclusion that it was targeted at them. This result is reached more readily if am wrong in assuming certain matters in favour of AUL (for example, that it is not essential to consider the website as a whole; and that AUL’s own ads should be taken into account when assessing the issue of targeting).
224. That finding is sufficient to determine the claim in favour of ASI. However, as the remaining issues were argued fully before me, and in case this litigation should go further, I shall also consider many of those issues, although not in so much detail.

Article 9(1)(a), condition (v) – use in relation to identical services

(i) AUL’s case on use in relation to identical services

225. Mr Hill made three submissions on the law:

- (1) To determine whether use has been made “in relation to identical services”, one must determine what are the services covered by AUL’s trade marks.
- (2) When construing the specification of goods and services in a trade mark, the court should be concerned with the meaning of the words as a matter of ordinary language: see *YouView TV Limited v Total Limited* [2012] EWHC 3158 (Ch); [2013] ECC 17, Floyd J at [12].

- (3) A sign is used “in relation to” goods or services if it is used for the purpose of distinguishing the goods or services as originating from a particular undertaking: see C-17/06 *Celine Sarl v Celine SA* [2007] ECR I-7041; [2007] ETMR 80, at [20].

226. Applying those propositions to the facts of the present case, Mr Hill submitted as follows:

- (1) AUL relies on the registration of the 858 Mark in respect of advertising services. In their ordinary and natural meaning “advertising services” covers ASI’s operation of a home page displaying AdSense ads.
- (2) It would be clear to ordinary internet users and potential advertisers visiting ASI’s website that ASI is engaged in the business of selling advertising space on its site. ASI’s position is analogous to that of a billboard owner who sells billboard space to advertisers. Support for the proposition that this constitutes advertising services is provided by the fact that the examples of services within Class 35 which are listed in the Nice Classification include “rental of advertising space” and “rental of billboards”.
- (3) The present case is significantly different from *Avnet Incorporated v Isoact Limited* [1998] FSR 16 in which Jacob J held that an Internet Service Provider selling webpages was not providing “advertising and promotional services”. In contrast to that case, in which it was not expected or required that the webpages would be used for advertisements, in the present case ASI is selling advertising space and advertisers cannot choose to use the space for any other purpose.
- (4) Internet advertising, such as AdSense, is widespread and familiar to consumers. There is no reason why advertising services should be limited so as to exclude internet advertising. An interpretation which limited advertising services to the kinds of activities carried out by a traditional advertising agent would amount to unnaturally straining the language of the specification.
- (5) ASI plainly carries out economic activity in the UK, because it makes substantial revenue by deliberately attracting UK internet users to its website. ASI is supplying advertising services as a side-line to its software business. ASI is selling space on its website for ads targeted at UK internet users.

(ii) *ASI’s case on use in relation to identical services*

227. Mr Riordan submitted that AUL had to show: (i) that ASI has used the sign ARGOS (in which regard AUL’s only complaints related to “ARGOS.COM” in the URL of ASI’s domain name itself, and the word “ARGOS” in the text of ASI’s website); (ii) that use is “in relation to” goods or services; and (iii) that those goods or services are identical to those covered by the 858 Mark (in which regard the only service relied upon by AUL is “advertising services”).
228. As to element (ii), Mr Riordan submitted that what is required is “use” in a trade mark sense, in which regard:
- (1) Use of a sign “in relation to” goods or services means use “for the purpose of distinguishing” the goods or services in question, that is to say, as a trade mark as such (see *Bayerische Motorenwerke AG v Deenik*, C-63/97, EU:C:1999:82 [1999] ECR I-00905, [38]; *Anheuser-Busch*, [64]).
 - (2) Similarly, the use complained of must be “in relation to his goods or services in such a way that consumers are liable to interpret it as designating the origin of the goods or services in question” (see *Céline* at [20], [27]).
 - (3) ASI uses the sign ARGOS in relation to the provision of building software, and related training and support services for the construction industry (see Mr Moilanen’s second witness statement at paragraphs 29-32).
 - (4) Simply using the sign ARGOS on the same webpage as one which contains ads is not enough for there to be use “in relation to” advertising services. Unless ASI is using ARGOS to distinguish the origin of whatever “advertising services” it supplies, it will not be using ARGOS in relation to advertising services. Were it otherwise, any website which hosts ads would be supplying advertising services under and by reference to any sign appearing on the website or in its domain name, which is plainly nonsense.
229. As to element (iii), Mr Riordan submitted that (a) ASI has never supplied “advertising services”, (b) ASI’s only use of the sign ARGOS is in relation to building software and related services, and (c) this is obviously not identical to the 858 Mark. He submitted that, when construing the meaning of “advertising services” in the specification of the 858 Mark, the following principles apply.
230. First, that meaning falls to be construed from the perspective of the average consumer of the services for which protection is sought (see *Maier v ASOS plc* [2015] FSR 20, [62]–[63]). As Jacob J explained in *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281 at 289, in the context of goods:

“When it comes to construing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of trade. After all a trade mark specification is concerned with use in trade.”

231. Second, where general descriptions of services are claimed, they must be confined to the core of their possible meanings. As Jacob J explained in *Avnet Inc v Isoact Ltd* [1998] FSR 16 (where internet access services were held not to fall within “advertising and promotional services”) at 19:

“definitions of services ... are inherently less precise than specifications of goods. The latter can be, and generally are, rather precise, such as ‘boots and shoes’. ... In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase.”

232. Third, the Regulation requires the services for which registration is sought to be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators (such as ASI), on that basis alone, to determine the extent of the protection sought (see *Chartered Institute of Patent Attorneys (CIPA) v Registrar of Trade Marks* (Case C-307/10) [2013] Bus LR 740, [49] (“*IP TRANSLATOR*”)).

233. Fourth, while the Regulation does not preclude the use of general class headings in accordance with the Nice Classification, the identification of services must always be sufficiently clear and precise to allow the extent of protection to be determined: *IP TRANSLATOR*, [56]. Where a class heading is used, the applicant must state whether it intends to cover all or only some of the goods in the class: *IP TRANSLATOR*, [61]. Class headings should be construed compatibly with the *Paris Convention* and the *Nice Agreement* adopted pursuant to that Convention (see *Netto Marken-Discount AG & Co KG v Deutsches Patent- und Markenamt* [2014] Bus LR 981, [37]; *IP TRANSLATOR*, [52]).

234. Fifth, in *Netto Marken* at [52], the CJEU expressed the preliminary view that an application which simply referred to *inter alia* “advertising” was one which “does not ostensibly specify” the particular services claimed with sufficient clarity and precision.

235. Sixth, it follows from *IP TRANSLATOR* that, for an EU trade mark granted before that decision, the national authority or court must, when called upon to interpret the scope of the services covered, do so in a way which ensures clarity and precision.

236. Further, the Nice Classification *Guidance for the User of the Nice Classification* (10th ed, 2016) provides the following guidance in relation to “advertising services” in the Explanatory Note to Class 35 (emphasis added):

“Class 35 includes mainly services rendered by persons or organizations principally with the object of: 1. help in the working or management of a commercial undertaking, or 2. help in the management of the business affairs or commercial functions of an industrial or commercial enterprise, as well as services rendered by advertising establishments primarily undertaking communications to the public, declarations or announcements by all means of diffusion and concerning all kinds of goods or services.

This Class includes, in particular: ...

- services of advertising agencies and services such as the distribution of prospectuses, directly or through the post, or the distribution of samples. This Class may refer to advertising in connection with other services, such as those concerning bank loans or advertising by radio. ...”

237. The EUIPO, *Guidelines for Examination of European Union Trade Marks* (23 March 2016) part C (Opposition), section 2 (Double identity), chapter 2 (Comparison of goods and services) at p 52 provides the following guidance on “advertising services” in Class 35 (emphasis added):

“All services listed in the class heading of Class 35 are aimed at supporting or helping other businesses to do or improve their business. They are therefore in principle directed at the professional public. ...

Advertising services consist of providing others with assistance in the sale of their goods and services by promoting their launch and/or sale, or of reinforcing the client’s position in the market and acquiring competitive advantage through publicity. In order to fulfil this target, many different means and products might be used. These services are provided by advertising companies, which study their client’s needs, provide all the necessary information and advice for the marketing of their products and services, and create a personalised strategy regarding the advertising of their goods and services through newspapers, websites, videos, the internet, etc.

Examples of advertising services are rental of advertising time on communication media, telemarketing services, marketing, public relations and demonstration of goods, since they are all intended to promote other companies’ goods/services albeit via different means. ...

The nature and purpose of advertising services are fundamentally different from the manufacture of goods or from the provision of many other

services. Therefore, advertising is generally dissimilar to the goods or services being advertised. The same applies to the comparison of advertising services versus goods that can be used as a medium for disseminating advertising, such as DVDs, software, printed matter, flyers and catalogues.”

238. In sum, ASI’s case on identity of services is that it stands in the position of an entity which supplies a medium for disseminating advertising. As such, that is (in accordance with the *Guidelines*) dissimilar to “advertising services”. ASI is not an advertising company, plays no role in the composition of ads placed with Google, and has no direct relationship with Google AdWords advertisers. It is Google, not ASI, which supplies advertising services in the context of the present case.

239. Mr Riordan also placed reliance on the observations of HHJ Birss QC (as he then was) in *Yell Ltd v Giboin* [2011] EWPC 009 in support of the contention that merely offering a diffusion medium in which a third party can place advertising composed and paid for by another third party will not be identical to an advertising service. In that case, one issue was whether offering for sale enhanced placements in a website directory, along with templates with which to construct the content of ads, was to be classified either as “advertising and publicity services” or as “marketing, promotional and advertising services”. HHJ Birss QC said at [116]:

“The core of each definition seems to me to focus on a service whereby the client is helped in order to produce advertising or promotional material. I doubt, but do not have to decide, whether merely offering advertising space for sale amounts to the core of either definition but when that offer is combined with templates in order for the particular advertisement to be created as a result of a collaboration between the Zagg system and the advertiser, then it seems to me that those services are on offer.”

(iii) *Discussion of the issue of use in relation to identical services*

240. Having set out the arguments as I have, I can state my conclusions quite shortly. I prefer Mr Riordan’s submissions. ASI is not an advertising company, and it does not offer or provide any of the services which are typically provided by such a company. In line with the provisional views expressed by HHJ Birss QC, I do not consider that merely offering to display on a website ads which are both created by third parties and selected for placement on the website by third parties amounts to the substance or core of “advertising services” within the meaning of Class 35. I also agree with Mr Riordan that ASI is not using the sign ARGOS for the purpose of distinguishing any advertising services that it may supply, or in such a way that consumers are liable to interpret the sign as designating the origin of such services, and, accordingly, that ASI is not using the sign “in relation to” such services.

Article 9(1)(a), condition (vi) – effect on the functions of the trade mark

(i) *AUL's case on effect on the functions of the trade mark*

241. The issue here is whether ASI's use of a sign identical to AUL's trade marks affects or is liable to affect the functions of those marks, i.e. the functions of guaranteeing to consumers the origin of the goods or services, of guaranteeing the quality of the goods or services, and of communication, investment and advertising (see case C-487/07 *L'Oreal v Bellure* [2010] RPC 1, [58]).
242. Whether the origin function of AUL's trade marks is adversely affected involves considering, in particular, whether ASI's use of that sign is such as to create the impression that there is a material link in trade between ASI's goods (and services) and AUL, and whether the consumers targeted are likely to interpret the sign, as it is used by ASI, as designating or tending to designate the undertaking from which ASI's goods or services originate (see case C-245/02 *Anheuser-Busch v Budejovicky Budvar* [2004] ECR I-10989, [2005] ETMR 27), and case C-17/06 *Celine Sarl v Celine SA* [2007] ECR I-7041, [2007] ETMR 80, [27]).
243. The defence of honest concurrent use is a corollary of the principle that to establish infringement under Article 9(1)(a) it must be shown that the third party's use of the sign affects or is liable to affect the functions of the mark. In case C-482/09 *Budejovicky Budvar v Anheuser Busch* [2012] RPC 11, the CJEU held that due to the long period of honest concurrent use of the two trade marks in issue, neither had nor was liable to have an adverse effect on the essential function of the mark.
244. Guidance on the nature of the advertising function and the circumstances in which it is adversely affected was provided by the CJEU in joined cases C-236/08, C-237/08 and C-238/08 *Google France Sarl v Louis Vuitton Malletier SA* [2010] RPC 19 ("*Google France*") at [91]-[92]:
- “91. Since the course of trade provides a varied offer of goods and services, the proprietor of a trade mark may have not only the objective of indicating, by means of that mark, the origin of its goods or services, but also that of using its mark for advertising purposes designed to inform and persuade consumers.
92. Accordingly, the proprietor of a trade mark is entitled to prohibit a third party from using, without the proprietor's consent, a sign identical with its trade mark in relation to goods or services which are identical with those for which that trade mark is registered, in the case where that use adversely affects the proprietor's use of its mark as a factor in sales promotion or as an instrument of commercial strategy.”

245. Guidance on the nature of the investment function and the circumstances in which it is adversely affected was provided by the CJEU in Case C-323/09 *Interflora v Marks and Spencer Plc* [2012] FSR 3 at [60]-[64]:

“60. In addition to its function of indicating origin and, as the case may be, its advertising function, a trade mark may also be used by its proprietor to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty.

61. Although that function of a trade mark—called the “investment function”—may overlap with the advertising function, it is nonetheless distinct from the latter. Indeed, when the trade mark is used to acquire or preserve a reputation, not only advertising is employed, but also various commercial techniques.

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

63. In a situation in which the trade mark already enjoys such a reputation, the investment function is adversely affected where use by a third party of a sign identical with that mark in relation to identical goods or services affects that reputation and thereby jeopardises its maintenance...

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

246. Further explanation as to the functions of a trade mark was given by the General Court in case T-215/03 *SIGLA SA v OHIM* [2007] ECR-II711, [2007] ETMR 79 at [35]:

“...the primary function of a mark is unquestionably that of an “indication of origin” (see the seventh recital in the preamble to Regulation 40/94). The fact remains that a mark also acts as a means of conveying other

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

247. The authors of *Kerly's Law of Trade Marks and Trade Names* (15th ed, 2011), state at paragraph 2-018 that the communication function of a trade encompasses the function described by the General Court in *SIGLA*. It would follow that use of a sign in a way that damages the mark's ability to convey such messages would adversely affect the communication function.

248. Applying the tests set out in these cases, AUL submitted that:

- (1) The origin function of AUL's trade mark is liable to be adversely affected if ASI has used the sign ARGOS in relation to ASI's advertising services in such a way that consumers are liable to interpret the sign as designating the origin of the services. ASI is using the sign ARGOS in relation to the advertising services provided through ASI's website. Consumers of ASI's advertising services include advertisers who would look to advertise on the website and internet users at whom the advertising is ultimately aimed. In circumstances where ASI's domain name is used to supply advertising services, either of these types of consumer would interpret the sign ARGOS as designating the origin of the services. That is sufficient to establish an adverse effect on the origin function of AUL's trade mark.
- (2) So far as concerns the origin function of AUL's trade mark, it is not in dispute that millions of AUL's customers mistakenly accessed ASI's website while attempting to access AUL's website by typing argos.com into the address bar. This form of confusion is very damaging to AUL, even if the customers realised on viewing ASI's website that it was not operated by AUL. Advertisements for AUL's competitors were displayed on ASI's website and it is highly likely that many customers who had been looking for AUL's website were diverted to a competitor's website, losing AUL sales and revenue. Further, some of AUL's customers who mistakenly accessed ASI's website continued to wrongly believe that it was operated by AUL, even after viewing its contents. Emails from confused customers of AUL were sent mistakenly to ASI's support email address: it appears these customers

navigated away from the home page of ASI's website to find ASI's contact details but remained under the impression that the website was operated by AUL. Accordingly, the origin function was adversely affected.

- (3) ASI's case on honest concurrent use provides no defence in circumstances where the origin function of AUL's trade mark is adversely affected as set out above. Further, this is not a case like *Budejovicky Budvar* where two products had coexisted on the UK market for many years: ASI's own case is that it does not trade in the UK at all, and AUL accepts that prior to late 2008, when the alleged infringement began, ASI was not on the UK market. There was thus no period of honest concurrent use at all, and citation of *Budejovicky Budvar* can add nothing to ASI's general argument that its use did not affect the functions of the AUL's trade mark. Unlike *Budejovicky Budvar*, it cannot seriously be contended that the average consumer is well aware of the difference between the two parties. Millions of internet users have mistakenly accessed ASI's website while seeking to access AUL's website.

- (4) ASI's use of the sign ARGOS has adversely affected the other functions of AUL's trade mark, including the advertising and investment functions. A large majority of traffic to ASI's website consists of internet users attempting to access AUL's website. It is also clear that a large majority of visitors to ASI's website visit AUL's website immediately afterwards. As stated by Mr Barrett, it is damaging to AUL's brand to have customers regularly accessing its website through AUL's website, regardless of whether those customers are confused as to who is responsible for the websites. AUL has invested heavily in its brand identity, the "look and feel" of its website and the impression its home page presents to its customers. A mark with a reputation such as ARGOS conveys messages which confer on the mark a significant value that deserves protection because it is the result of considerable effort and investment on the part of its proprietor. When customers accessed AUL's website through ASI's website, they had to go through a cumbersome process to get where they wanted to go and were presented with a home page that was inconsistent with AUL's branding and the impression AUL was trying to present to its customers. This constituted an adverse effect on AUL's use of its mark as a factor in sales promotion and thus an adverse effect on the advertising function. It also constituted a substantial interference with AUL's use of its mark to preserve a reputation capable of attracting consumers and retaining their loyalty – and thus an adverse effect on the investment function.

(ii) *ASI's case on effect on the functions of the trade mark*

249. The CJEU has “consistently held that [infringement under Article 9(1)(a)] is limited to those cases in which the use of the sign by a third party adversely affects or is liable adversely to affect one of the functions of the trade mark” (see the judgment of the Court of Appeal in *Interflora (No 5)* at [148]).
250. Further, whether the use of a sign infringes a trade mark pursuant to Article 9(1) must be assessed as at the date that the use of the sign complained of was commenced (see Case C-145/05, *Levi Strauss & Co v Casucci SpA* [2006] ECR I-3703; *BDO* at [95]-[96]). For purposes of the present case, and according to AUL, that would appear to be when ads were introduced by ASI in December 2008.
251. As explained by the Court of Appeal in *Interflora (No 5)* at [132], [136] and [137]: (a) the CJEU “has, in its decision in *Google France*, enunciated a new test to be applied by the national court in assessing whether the accused use has adversely affected, or is liable adversely to affect, the origin function of a trade mark at least in the context of keyword advertising cases”, (b) the burden of proving this lies on the party making the allegation, and (c) this is the “general position under EU law” as well as English law. The Court of Appeal concluded at [151]:

“In our judgment the onus lies on the trade mark proprietor to establish that the advertisement complained of does not enable normally informed and reasonably attentive Internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the advertisement originate from the trade mark proprietor or an undertaking economically connected to it or, on the contrary, originate from a third party.”

252. Although the present case does not concern an advertiser and a rival proprietor, but rather the provider of a diffusion medium for advertising and a proprietor, the principle is the same: the onus is on AUL to demonstrate *inter alia* adverse effect.
253. The Court of Appeal in *Interflora (No 5)* provided the following further guidance at [155]-[156]:

“155. In either case [i.e. in both Article 9(1)(a) and Article 9(1)(b)] it must be shown that the advertisement does not enable an average internet user, or enables that user only with difficulty, to ascertain whether the goods or services referred to therein originate from the trade mark proprietor or an undertaking economically connected to it or, on the contrary, originate from a third party. Of course, Article 5(1)(a) and Article 9(1)(a) also afford protection against use in this way of a sign identical to the trade mark if that use is liable adversely to affect one of the other functions of a trade mark, as the Court elaborated in its decision in *Interflora (CJEU)* [2012] Bus LR 1440.

156. These tests have been formulated by the Court with great care and reflect the importance of trade marks in developing a system of undistorted competition whilst recognising that their purpose is not to protect their proprietors against fair competition. Moreover, the Court has acknowledged that internet advertising on the basis of keywords corresponding to trade marks is not inherently objectionable because its purpose is, in general, to offer to internet users alternatives to the goods or services of the trade mark proprietors. The tests enunciated by the Court therefore incorporate appropriate checks and balances. In particular, the national court is required to consider the matter from the perspective of *the average consumer*, a concept we have discussed, and to decide whether the advertiser has *enabled* that average consumer to ascertain the origin of the advertised goods or services and so make an informed decision. We would emphasise it is not the duty of such advertisers to *avoid* confusion.”

254. The doctrine of initial interest confusion is “an unnecessary and potentially misleading gloss on the tests the [CJEU] has articulated” and “it should perform no part of the analysis” (*Interflora (No 5)* at [158]).

255. ASI’s case is that the evidence fails to establish any adverse effect upon the functions of the 858 Mark (or, insofar as relevant, the 263 Mark). At its highest, consumers fleetingly and speculatively visit argos.com, then realise very quickly upon arriving that ASI’s website is not what they are looking for and leave. The reaction of the average consumer when visiting ASI’s website is borne out by the statistics and confirmed by the evidence of the witnesses. In particular:

- (1) There is no evidence that any ads have ever been shown on argos.com which do not enable the average consumer to ascertain the origin of the advertised goods or services. Mr Barrett accepted that even if competitor ads are clicked on, the viewer will do so knowing that it is, for example, a John Lewis ad.
- (2) The average consumer who looks at argos.com will be able to distinguish ads from surrounding content, and they will not attribute the source of the ads to ASI but rather to Google. At least, according to Mr Patmore, that was his position, and there is no evidence that AUL’s employees thought otherwise.
- (3) AUL’s case on adverse effect lacks coherence, as illustrated by Mr Barrett’s evidence in cross-examination that ASI’s and AUL’s websites are “completely different and therefore confusing”.
- (4) Although AUL accepts that visitors leave ASI’s website quickly, AUL complains that they may possibly do so by clicking on a competitor’s ad.

However, this does not accord with the statistics. Close to 90% of users leave in 0 seconds. These users cannot possibly have time to read the ads (if they have even loaded), still less see an ad for a different company to the one they were searching for, decide that they prefer that, and then click and leave.

- (5) The four customer email chains relied upon by AUL are either irrelevant or are outliers that do not fairly reflect the perspicacity of the average consumer.
- (6) The “online experiment” carried out by Mr Keane was done with a particular objective in mind and shows no more than that Google looks at the browsing history of a user before showing what ads to place on an AdSense site. The process was contrived and did not reflect the average consumer’s behaviour.
- (7) Conversely, ASI’s evidence establishes that a near totality of the European traffic to argos.com leaves promptly; and that evidence is entirely consistent with such visitors having no difficulty at all in determining that all of what is advertised there is not related to AUL in any way.
- (8) The Court should be extremely sceptical of any attempt by AUL to refashion its case around the other, subsidiary, “functions” of a trade mark (namely the advertising, investment and communication functions). Properly understood, these functions are not “rights” of the trade mark proprietor (which are exhaustively set out in Article 9(1)), but filters which separate out conduct which impacts on trade mark law from conduct which does not.
- (9) In any event, AUL’s own witnesses accepted that ASI’s website had absolutely no adverse effect on AUL’s ability to market its brand ARGOS online (which was done very successfully on an alternative domain name, argos.co.uk, which Mr Cohen thought was more suitable for a British business), and to invest in and promote AUL’s trade marks, including via AdWords and other marketing.
- (10) Overall, AUL’s evidence does not begin to discharge the burden it bears of proving adverse effect. The only clear evidence of the behaviour of UK visitors to ASI’s website clearly shows that normally informed and attentive internet users can easily ascertain that ASI’s website does not originate from AUL or a connected undertaking.

(iii) Discussion of the issue of effect on the functions of the trade mark

256. I agree with Mr Riordan that AUL has not established that ASI's use of the sign ARGOS affects or is liable to affect any of the functions of the 858 Mark (or, insofar as relevant, the 263 Mark).
257. In order to make sense of AUL's case under this heading, it is necessary to assume that, contrary to my earlier holding, ASI is using the sign in relation to the supply of advertising services. Even if that is assumed to be so, I am wholly unpersuaded that ASI's use of the sign is such as to create the impression that there is a material link in trade between ASI's services and AUL.
258. Mr Hill contends, however, that it is sufficient to establish an adverse effect on the origin function of the mark that consumers targeted are likely to interpret the sign, as it is used by ASI, as designating or tending to designate the undertaking from which ASI's (*ex hypothesi* advertising) services originate. I find great difficulty in applying that proposition, in those unqualified terms, to a case like the present. If it were right, it would seem to follow that any person in the EU which has registered a mark in relation to advertising services could bring a claim for trade mark infringement against any website operator, wherever that operator is located, which uses a sign that is identical to the mark and which displays ads on its website. In other words, it would have the effect that, in such circumstances, the EU trade mark regime points to or requires a complete ban on website advertising by any foreign trader, including, as far as I can see, for that trader's own goods or services.
259. The application of the approach rehearsed in *Interflora (No 5)* in respect of keyword advertising, which Mr Hill submits to be inappropriate in the present case, avoids such extreme consequences and produces what seems to me to be an entirely rational and commercially acceptable outcome. I therefore prefer Mr Riordan's submissions on this point. Indeed, in broad terms, I accept his arguments overall.
260. I regard some aspects of AUL's case under this heading as somewhat far-fetched, if not positively incredible, and consider other aspects are difficult to follow and/or difficult to reconcile with other parts of its case. I discuss some examples below.
261. Reliance on the fact that many people who are trying to access AUL's website in fact access ASI's website in error because they deliberately but misguidedly type in argos.com as giving rise to a form of confusion that is very damaging to AUL, even if such persons realise on viewing ASI's website that it is not operated by AUL, seems to me to sit uneasily with what I understand to be AUL's acceptance elsewhere in its case that, in the absence of the display of ads on ASI's website, AUL would have no grounds for legal complaint about ASI's use of argos.com.

262. I also consider that AUL's reliance on the four customer email chains is misplaced, for reasons which I have already explained in some detail above.
263. The suggestion that the fact that many visitors to ASI's website visit AUL's website shortly afterwards in some way creates or enhances a basis of claim for AUL which AUL would or might otherwise not have seems perplexing to me, as does the reliance placed by AUL on the fact that, while AUL's ads were displayed on ASI's website, customers seeking AUL were able to use those ads to navigate back to AUL's products and website. To the extent that visitors go rapidly from argos.com to argos.co.uk, this reflects their mistake in supposing that argos.com is the domain name of AUL's website and in not realising that it is the domain name of ASI's website. It is not due to any impression created by ASI, or any interference by ASI with AUL's use of its trade marks. Similarly, whether or not the ability to navigate back to AUL through ads displayed by AUL on ASI's website is fairly described as "cumbersome", I see no reason to suppose that it is more detrimental to AUL than the alternative, namely that having reached ASI's website by mistake those visitors cannot click on any AUL ads, and therefore have to leave ASI's website and then try and find AUL's website from scratch, *ex hypothesi* without knowing what is the correct domain name of AUL's website.
264. AUL's problems, such as they are or are perceived by AUL to be, do not, in my judgment, stem from any actual or prospective adverse effect on the functions of AUL's trade marks arising from ASI's use of the sign ARGOS, but rather from a combination of (a) the fact that ASI registered the domain name argos.com for the purpose of promoting its entirely genuine and lawful (and non-competing) business of supplying CAD software before AUL thought of applying to register that domain name and (b) the errors or assumptions of a number of AUL's actual or potential customers. On the evidence before me, I consider that even those visitors would have no difficulty whatsoever in rapidly appreciating that ASI's operation and ASI's website, including any ads displayed on it from time to time, have no connection in any shape or form with AUL's retail or advertising businesses; and this applies even more clearly to those visitors to ASI's website who do not visit it in the mistaken belief that argos.com is the domain name of AUL's website.

Article 9(1)(c), condition (vii) – whether the use of the sign gives rise to a link

265. It was common ground that, in deciding whether AUL has demonstrated that ASI's use of the sign ARGOS creates a link in the mind of the average consumer between that sign and the 263 Mark, the effect of *Adidas-Salomon AG v Fitnessworld Trading Ltd*, C-408/01, EU:C:2003:582 [2004] Ch 120 ("*Adidas-Salomon*") at [29]–[30] and *Intel Corp Inc v CPM United Kingdom Ltd*, C-252/07, EU:C:2008:655 [2008] ECR I-08823; [2009] RPC 15 ("*Intel*") at [38], [60] is that:

- (1) The matter must be assessed globally, taking all relevant factors into account.
- (2) If ASI's sign would call the trade mark to mind for the average consumer, who is reasonably well informed and reasonably observant and circumspect, this will normally be sufficient.

266. ASI further submitted that:

- (1) The Court must have regard not only to the degree of similarity between the marks, but also whether or not there is a likelihood of confusion, and the strength of AUL's mark's reputation in the context of ASI's use.
- (2) Any link must be caused by ASI's conduct. A link which exists independently of ASI's use of the sign – for example, because of a pre-existing belief of the average consumer who has not encountered ASI at all – is not a relevant link under Article 9(1)(c). ASI placed reliance on the statement of the CJEU in *Adidas-Salomon* at [29] and *Intel* at [67] to the effect that infringements of this sort (emphasis added)

“are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them ...”

- (3) The statement by Advocate General Jacobs in *Adidas-Salmon* at [AG49] that the focus is on whether “the public, when confronted by the sign” (emphasis added) may form a link.

267. Turning to the facts of the present case, AUL submitted that a link will be formed between ASI's domain name and AUL's trade mark. That trade mark is so well known that this is inevitable where ASI's domain name is used in the UK. Any UK internet user going to ASI's website, having typed in *argos.com*, and seeing ASI's use of the sign will call to mind AUL's trade mark, and, even in the absence of confusion, that is sufficient to establish the existence of a link. Moreover, as many UK visitors to ASI's website are returning visitors, and there is no suggestion that any of them are customers of ASI's software business, they must be typing in *argos.com* even after they are aware of ASI's use of the sign, and this further demonstrates that ASI's use of the sign calls to mind AUL's mark.

268. ASI submitted that:

- (1) The evidence is that many consumers visit argos.com in a speculative way (i.e. not knowing what is or is not on the website, but assuming from their own guesswork that this might be the URL of AUL's website). ASI is powerless to stop people from accessing ASI's website in this way, as Mr Barrett accepted in cross-examination.
- (2) This supposition is not caused by ASI and occurs before any exposure to ASI's use of the sign, as Mr Barrett accepted in cross-examination.
- (3) Once such consumers arrive at argos.com, nothing on ASI's website (ads or no ads) causes them to think of AUL. To the contrary, the evidence strongly suggests that any pre-existing belief is dispelled very rapidly.
- (4) It would be wrong to attribute a pre-existing belief of consumers to any conduct by ASI. Such a belief is not one which is caused by ASI's use of the sign and therefore cannot be relied upon to found a complaint under Article 9(1)(c).
- (5) When consumers type in "argos.com" of their own accord, they are not yet confronted by any sign being used by ASI in the course of trade. The link is already made. The question is what happens once the average consumer *arrives* at ASI's website. ASI's submissions on the actual reaction of visitors have equal force in this context.
- (6) It would set a dangerous precedent if an internet trader could be liable for trade mark infringement on the basis of a "link" which he has not caused, has not encouraged, and is unable to dispel in advance.

269. I prefer Mr Riordan's submissions on this issue as well.

270. On the evidence, it seems to me that it is not any use by ASI of the sign ARGOS which creates a link in the mind of the average consumer between that sign and the 263 Mark, but, rather, that the connection undoubtedly made in the minds of many UK consumers between ASI's domain name and AUL arises from pure supposition. Logically, in light of the contents of ASI's website, and having regard to the fleeting if not vestigial duration of the overwhelming majority of UK visits to that website, any such supposition will be dispelled by a single visit to the website. In this regard, I do not consider that there is any basis for saying that the volume of repeat UK visitors to ASI's website bears out that ASI's use of the sign calls to mind AUL's mark. In many cases, it is likely that repeat visits are due to priority being given to argos.com for repeat searches by features like those described by Mr Thomas in his email of 14 November 2013. In other cases, in my view, the

occurrence of repeat visits is more likely to be a consequence of laziness or forgetfulness than as a result of ASI's use of the sign calling to mind AUL's mark.

Article 9(1)(c), condition (viii) - injury

(i) The parties' submissions on the law

271. The effect of the judgment of the CJEU in *Intel* (at [27]-[32]) is that (i) the existence of a link between the sign and the mark in the mind of the public constitutes a necessary but not a sufficient condition for the establishment of the existence of one of the types of injury against which Article 9(1)(c) ensures protection for the benefit of trade marks with a reputation, and (ii) what needs to be established in addition is (a) detriment to the distinctive character of the mark, or (b) detriment to the repute of the mark, or (c) unfair advantage being taken of the distinctive character or the repute of the mark.

272. The effect of the judgment of the CJEU in *L'Oreal* is that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of Article 9(1)(c), does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor, and (see [50]):

“The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image.”

273. The CJEU provided further guidance with regard to these concepts in the following passages in *L'Oreal*, upon which both AUL and ASI placed reliance (citations omitted):

“39 As regards detriment to the distinctive character of the mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such detriment is caused when that mark's ability to identify the goods or services for which it is registered is weakened, since use of an identical or similar sign by a third party leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is particularly the case when the mark, which at one time aroused immediate association with the goods or services for which it is registered, is no longer capable of doing so.

- 40 As regards detriment to the repute of the mark, also referred to as ‘tarnishment’ or ‘degradation’, such detriment is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark.
- 41 As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.
- 42 Just one of those three types of injury suffices ...
- 43 It follows that an advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the mark or, more generally, to its proprietor.
- 44 In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark’s reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive character of the mark, the Court has already held that, the stronger that mark’s distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them.
- 45 In addition, it must be stated that any such global assessment may also take into account, where necessary, the fact that there is a likelihood of dilution or tarnishment of the mark ...

49 In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.”

274. Mr Hill further submitted as follows:

- (1) It is clear that the intention of the third party using the sign similar to the trade mark is an important factor when assessing whether unfair advantage has been taken. A 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. However, the use of a sign may constitute unfair advantage where the objective effect is to enable the defendant to benefit from the reputation and goodwill of the trade mark, even if the defendant did not subjectively intend to exploit that reputation and goodwill (see *Jack Wills Ltd v House of Fraser (Stores) Ltd* [2014] EWHC 110 (Ch); [2014] FSR 39 at [77]-[80]).
- (2) In *Intel* the CJEU explained at [77] that proof that the use of the sign is or would be detrimental to the distinctive character of the mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the mark was registered consequent on the use of the sign, or a serious likelihood that such a change will occur in the future.
- (3) In case C-383/12 *Environmental Manufacturing LLP v OHIM (“Environmental Manufacturing”)*, the CJEU provided further guidance as to the requirement for evidence of a change in the economic behaviour of the average consumer or a serious likelihood that such a change will occur in the future:

“42. Admittedly, Regulation No 207/2009 and the Court’s case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.

43. None the less, such deductions must not be the result of mere suppositions but, as the General Court itself noted at paragraph 52 of the judgment under appeal, in citing an earlier judgment of the General Court, must be founded on ‘an analysis of the probabilities

and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case’.”

- (4) There is no need for a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, as [41] of *L’Oreal* makes clear. In *Tesco Stores Ltd v Elogicom Ltd* [2007] FSR 4 there was no transfer of the image of the mark to the defendant’s services, but the defendant was nevertheless held to have taken unfair advantage by trading on and benefiting from Tesco’s reputation by capturing and monetising internet traffic looking for Tesco websites.

275. Mr Riordan further submitted as follows:

- (1) When carrying out the requisite global assessment, the defendant’s use of the sign ought not to be considered in isolation. It is necessary to take account of “the precise context in which the sign has been used” by the defendant insofar as this “could influence the public’s perception of the signs at issue” (see *Supreme Pet Foods* at [77]; citing *Specsavers International Healthcare Ltd v Asda Stores Ltd*, C-252/12, EU:C:2013:497 [2015] FSR 4, at [39], [45]–[48] (“*Specsavers (CJEU)*”).
- (2) The assessment is objective. If a trader intended to benefit from reputation and goodwill this is relevant but not decisive (see *Jack Wills Ltd v House of Fraser (Stores) Ltd* [2014] EWHC 110 (Ch); [2014] FSR 39 (“*Jack Wills*”) at [80]).
- (3) The relevant advantage to be considered is advantage to the later sign, in the sense that the sign will derive a “boost” or other benefit from its connection with the reputed mark or in some way enhance its own performance or reputation (e.g. because the reputed mark is prestigious and this rubs off onto the later sign) (see the Opinion of Advocate General Sharpston in *Intel* at [AG65]–[AG66]).
- (4) The overall question is whether the defendant’s use “falls ... within the ambit of fair competition in the sector for the goods or services concerned” (see *Interflora (CJEU)* at [91]). If it does, then the use will be with “due cause” and this will necessarily be inconsistent with unfair advantage having been taken.

- (5) Mere commercial advantage is not sufficient. As Lloyd LJ (with whom Wilson and Rix LJJ agreed) stated in *Whirlpool Corp v Kenwood Ltd* [2009] EWCA Civ 753; [2010] RPC 2 at [112], [136] (emphasis added):

“It is not sufficient to show ... that [the defendant] has obtained an advantage. There must be an added factor of some kind for that advantage to be categorised as unfair. ... No additional factor has been identified in this [case] (other than intention).”

- (6) To similar effect, in *Specsavers*, Kitchin LJ said at [127]-[128]:

“[127] The Court may reasonably be thought to have declared, in substance, that an advantage gained by a trader from the use of a sign which is similar to a mark with a reputation will be unfair where the sign has been adopted in an attempt to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, and without making efforts of his own, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image ...

[128] But plainly there are limits to this broad principle ...”

And in *Bayerische Motorenwerke AG v Deenik* [1999] 1 CMLR 1099, the CJEU held at [51]–[54] that “the mere fact that the reseller [of BMW car parts] derives an advantage from using the trade mark” did not involve taking unfair advantage of the distinctive character or repute of the BMW trade mark, provided it did not give rise to the impression (in the mind of the average consumer) that the reseller’s business is affiliated with BMW.

- (7) The requirement concerning a change in the economic behaviour of the average consumer was articulated by the CJEU in *Environmental Manufacturing* in the context of alleged *detriment* to the reputed mark (the question of unfair advantage did not arise in that case). However, it was common ground in *Jack Wills* (see Arnold J at [82]) that:

“in order for advantage to be taken of the trade mark’s distinctive character or repute, it was necessary for there to be some change in the behaviour of the defendant’s consumers as a result of the use of the allegedly infringing sign, or a serious likelihood of such a change.”

- (8) Arnold J accepted this approach and proceeded to analysis whether the claimant’s evidence in that case met the standard set out in *Environmental Manufacturing* (i.e. not “mere suppositions” but rather using “logical deductions” based on “an analysis of the probabilities”) (see *Jack Wills* at

[83]). In *Jack Wills*, Arnold J concluded that the answer was “yes” because the use of a logo similar to that of the proprietor made the defendant’s clothing more attractive and thereby assisted the defendant to sell its goods (see [109]–[110]). Accordingly: (a) the requirement of a change in the economic behaviour applies to an allegation of unfair advantage, and (b) the onus is on AUL to prove that change, or a serious likelihood of such a change, to the standard set out by the CJEU.

(ii) *AUL’s submissions on the facts*

276. Mr Hill submitted that all three types of injury were made out in the present case:

- (1) ASI’s use of argos.com, once projected into the UK by ASI’s targeting of UK internet traffic, took unfair advantage of the distinctive character and repute of AUL’s trade mark. It was that trade mark which brought the traffic to ASI’s website, enabling ASI to capitalise on the traffic through AdSense advertising. Accordingly, this is a classic case of parasitism or free-riding, which falls squarely within the test set out by the CJEU at [50] in *L’Oreal*. As Mr Outinen’s emails acknowledge, ASI was getting “money for nothing”.
- (2) The mark ARGOS is extremely well-known and possesses the highest level of reputation and distinctive character. The mark is unique in the UK, where it denotes AUL alone. As the CJEU recognised in *Intel*, these are the circumstances in which detriment to the distinctive character of a mark is most likely to occur. ASI’s use of ARGOS in the UK was liable to dilute the distinctive character of the mark so as to weaken its ability to serve as a badge of origin for AUL’s goods.
- (3) ASI’s use was also liable to change the economic behaviour of consumers in other ways – the display of ads on ASI’s website would cause some of AUL’s customers who had mistakenly accessed the site to either click on one of AUL’s ads (thereby generating revenue for ASI) or click on an ad for one of AUL’s competitors (thereby diverting sales from AUL).
- (4) As Mr Barrett explained, a large number of AUL’s customers accessed AUL’s website through ASI’s website and in doing so they had to go through a cumbersome process to get to AUL’s website and were presented with a home page that was inconsistent with AUL’s branding and the impression it was trying to present to its customers. This would inevitably have had a negative impact on the image of AUL’s mark and reduce its power of attraction. There is a serious risk that this would cause customers not to buy products from

AUL when they would otherwise have done so, particularly where they were immediately presented with ads for AUL's competitors.

- (5) AUL did not gain revenues from people clicking on AUL's ads on ASI's website: those people would have found AUL's website in any event, and any revenues from them are attributable not to those ads but to AUL's marketing efforts, which encouraged UK consumers to look for AUL's website.
- (6) In any event, revenues made from users who clicked on AUL's ads do not constitute financial compensation within the meaning of [50] of *L'Oreal*.

(iii) *ASI's submissions on the facts*

277. Mr Riordan submitted that:

- (1) In the present case there is no "transfer of the image of the mark", nor any "parasitism" of the kind described by the CJEU. In particular, there is no gaining from a "power of attraction, the reputation and the prestige" of the mark, in the sense that any of these qualities of AUL's mark are in some way obtained by ASI for ASI's own software.
- (2) There is no evidence that the ads create an impression that ASI is affiliated with AUL. On the contrary, the evidence shows precisely the opposite. ASI neither sells nor has any wish to sell to AUL's clientele.
- (3) ASI has never sought out the "rogue" visitors, has no control over their access to ASI's website, and primarily wishes that they would not bother ASI. The burden of unwanted traffic is not an advantage to ASI, and in any event is of no benefit to ASI in the US, where ASI undertakes and pays for its own marketing. ASI is not simply free-riding on the back of the reputation of the 263 Mark.
- (4) ASI accepts that it has derived a commercial advantage from the ads placed on its website. However, contrary to the stance which AUL's witnesses appeared to adopt, the fact that ASI has benefited from ad revenue is insufficient by itself to amount to any material "unfair advantage".
- (5) ASI's exploitation has not been "without paying any financial compensation", because AUL has also benefited from the display of ads on ASI's website.

278. Mr Riordan made the following further submissions in light of the evidence:

- (1) ASI's use of the sign "ARGOS.COM" cannot in and of itself be parasitic: its registration took place 15 years before the registration of the 263 Mark and in ignorance of AUL. Use of the sign "ARGOS.COM" cannot itself be taking unfair advantage: ASI's website existed before AUL's mark and before the mark ever acquired a reputation to be taken advantage of.
- (2) If AUL's real complaint concerns the colocation of ads with the sign "ARGOS.COM", then the added element is the ads and it is necessary to examine the ads in context to determine whether their deployment takes unfair advantage. To do that requires the Court to apply *Interflora*, since these are ads whose display is being triggered by the sign ARGOS.
- (3) AUL's own witness offered (unprompted) the observation that the revenue gained by ASI from the ads was "immaterial" to ASI.
- (4) AUL has received ample compensation for the benefit obtained by ASI. In fact, AUL's compensation far exceeds the actual benefit to ASI: as Mr Cohen accepted, the sales are "radically different" (and higher) compared to the amounts paid to Google by AUL for the ads, and – in one 3 month period – was higher overall than the total amounts ASI made in nearly 7 years.
- (5) Insofar as any of AUL's witnesses were able to articulate any coherent "concerns" about ARGOS.COM, it is clear that AUL's real gripe was the possibility that consumers might visit ASI's website and then click on an ad for one of AUL's competitors.
- (6) AUL accepted that the 263 Mark did not have a reputation for luxury, and that there was no aura of prestige surrounding the brand ARGOS: it is a brand whose message conveys, if anything, "an element of value".
- (7) The evidence does not come close to suggesting that ASI's use of argos.com is leading to an actual change in economic behaviour, or permitting such an inference to be drawn based on "an analysis of the probabilities": how could it do, when all of ASI's consumers are situated outside the area of the trade mark, and the UK visitors to ASI's website leave immediately without purchasing anything?
- (8) Further, and importantly, the economic and commercial significance of ASI's use is trivial: most importantly, it does not trade in Europe and has no customers here. AUL's witnesses accepted that ASI's revenue is "immaterial"

to ASI, and, further, that the level of impressions under discussion is “a drop in the ocean”, is not something that has a measurable impact on the performance of AUL’s website at argos.co.uk, and is not at a level that AUL would care about. The volume of ad click-throughs is so small that it was not even noticed by AUL. The amount of money made by ASI over a 7 year period is dwarfed by AUL’s sales revenue attributable to click-throughs in just 3 months. The highest that Mr Barrett’s evidence went was to say that “in my opinion people clicked on the Argos ads” so they must have clicked on the ads of other retailers. However, this is (i) mere supposition, and (ii) inherently unlikely to be any more substantial than the click-throughs to AUL’s website, which AUL accepted to be insignificant.

(iv) Discussion of the issue of injury

279. In my view, none of the types of injury identified by Mr Hill are made out in the present case. I am unable to accept almost any part of his analysis of the facts.

280. Mr Hill’s formulation that “once projected into the UK by ASI’s targeting of UK internet traffic”, argos.com took unfair advantage of the distinctive character and repute of AUL’s trade mark glosses over the fact that traffic was taken to ASI’s website simply by the international availability of ASI’s domain name and regardless of any alleged targeting (which I have in any event rejected on the facts).

281. It was the mistakes or carelessness of UK internet users which brought traffic to ASI’s website, rather than AUL’s trade mark, and which presented ASI with the opportunity – which it did nothing to seek out, had no means of preventing, and, in the case of AUL’s ads, was only able to enjoy due to AUL’s own AdWords advertising decisions – to earn very modest sums through AdSense advertising.

282. ASI only got “money for nothing” in the sense that it had to do nothing to seek out that traffic. It did not get “money for nothing” in the sense that it provided nothing in exchange for the ad revenue it was paid – including and in particular to AUL, in which regard (see above) I consider it more likely than not that at least some of the revenue earned from AUL’s ads would or might otherwise have been lost to AUL.

283. I agree with Mr Hill that, even if it is assumed that AUL earned revenue in this way that AUL might otherwise not have earned, that does not mean that ASI paid financial compensation to AUL with the meaning of [50] of *L’Oreal*. To my mind, however, when assessing unfair advantage, it is relevant to bear in mind that ASI gained nothing from the alleged riding on the coat-tails of AUL’s mark other than a small financial income stream, which was paid to ASI as a result of participation in an entirely normal and commercially unobjectionable Google advertising

programme, and, moreover, a programme in which AUL also chose to take part; and the traffic which enabled ASI to earn that income stream was not sought out by ASI and was by no means entirely of benefit or advantage to ASI, in that, for at least at some of the time, it caused ASI a measure of expense and inconvenience.

284. I do not accept that ASI's use of ARGOS in the UK was liable to dilute the distinctive character of AUL's mark so as to weaken its ability to serve as a badge of origin for AUL's goods. This seems to me to fly in the face of all the evidence which I have considered above in respect of other elements of AUL's claims.
285. I also do not accept that ASI's use of ARGOS was liable to change the economic behaviour of consumers in the manner suggested by Mr Hill. Although it is correct that the display of AUL's ads on ASI's website would cause some of AUL's customers who had mistakenly accessed that website to click on one of AUL's ads, and that this would generate revenue for ASI, I am unable to accept that this constitutes any material change in the economic behaviour of those customers. It may also be correct that the display of ads on ASI's website would cause some of AUL's customers who had mistakenly accessed that website to click on ads for one of AUL's competitors. However, AUL has not persuaded me by evidence or as a matter of inference that this occurred to any material extent, and still less that, as suggested by Mr Hill in this context, this resulted in diversion of sales from AUL.
286. I agree that a large number of AUL's customers appear to have accessed AUL's website through ASI's website, and that at ASI's website they will have been presented with a home or landing page that was inconsistent with AUL's branding and the impression that AUL was trying to present to its customers. However, I do not accept that this would inevitably have had a negative impact on the image of AUL's mark and reduce its power of attraction. Nor do I accept that there is a serious risk that this would cause customers not to buy products from AUL when they would otherwise have done so. These claims seem to me to be quite unreal, and to pay little regard to the reasons why AUL's customers will have accessed ASI's website and their likely affiliation for AUL and desire to buy its products.
287. On reaching ASI's website, as much now that ads are no longer displayed on it as when ads were displayed on it, all such customers who are even moderately observant will immediately see that it is a website that has nothing to do with AUL.
288. I see no reason to suppose that any aspect of the presentation or contents of that website would affect their perception of the image and power of attraction of AUL's mark, and still less to cause them not to buy products from AUL when they would otherwise have done so. A number of them may think that it is surprising, and perhaps unfortunate, that AUL has not registered the argos.com domain name,

and blame AUL rather than their own mistake for the fact that they are unable to reach AUL's website using that domain name. If and to the extent that this is so, however, that does not provide AUL with any basis for a claim in law against ASI.

289. In my view, there is no fair comparison between *Tesco Stores Ltd v Elogicom Ltd* [2007] FSR 4 and the present case. In that case the moving light of the defendant company ("Elogicom"), Mr Ray, caused it to register a raft of domain names using the word "tesco", which were then added to the list of domain names in a system run by TradeDoubler AB ("TradeDoubler") in accordance with which operators of websites could become affiliates of clients of TradeDoubler such as Tesco. Elogicom did not use those domain names to sell any goods or services of its own. Instead, Mr Ray arranged matters so that if an individual browsing the internet entered any of these various Tesco related domain names into the address bar on his computer, the individual was taken not to any website operated by the Elogicom but instead directly to one of the websites operated by Tesco (see [16]). If any individual consumer entered one of these domain names in his computer, was taken directly to a Tesco website and then made purchases on that website, TradeDoubler would charge Tesco commission on those sales under the agreement between Tesco and TradeDoubler, and would pay Elogicom that commission under a separate agreement between TradeDoubler and Elogicom (see [17]).
290. Mr Philip Sales held at [34] that, subject to its defences, Elogicom infringed Tesco's trade marks, and at [52] that Tesco's claim for passing off succeeded, because:

"34. ... its use of "tesco" related domain names infringed Tesco's three trade marks, contrary to section 10(2) of [the Trade Marks Act 1994]; and I also consider that Elogicom's use of those domain names infringed Tesco's three trade marks, contrary to section 10(3) of the Act, in that Elogicom used the domain names in the course of its trade in relation to services, they were similar to Tesco's trade marks, Tesco's trade marks had a reputation in the United Kingdom and ... its use of those domain names was "without due cause" and took "unfair advantage of" the distinctive character and the repute of Tesco's trade marks. In my view, Elogicom took unfair advantage of the Tesco brand, reflected in its trade marks, by using the word "tesco" in its domain names specifically with the object of trading on and benefiting from Tesco's reputation with the general public, by capturing part of the traffic of persons browsing the internet and entering Tesco related names in the address bars on their computers in the hope of being taken to Tesco websites, and then obtaining payment of commission from Tesco via TradeDoubler in relation to that traffic. Moreover, on the authority of the Court of Appeal's decision in *British Telecommunications Plc v One in a Million Ltd* [1999] FSR 1, it seems to me that the situation which Elogicom

brought about would also fall to be regarded as detrimental to the distinctive character or the repute of Tesco's trade marks, within the meaning of section 10(3), since the following observation of Aldous LJ at p25 would apply: "The domain names were registered to take advantage of the distinctive character and reputation of the marks. That is unfair and detrimental."

...

52. In my judgment, there is no doubt that Elogicom by its registration and use of the "tesco" related domain names, has sought to associate itself with and trade upon the considerable goodwill which attaches to the name "Tesco" for the benefit of Tesco. There is also no doubt that Elogicom continues to threaten to make use the Tesco name, so damaging Tesco's goodwill, both by retaining those domain names with the option of starting to use them again at some point in the future and by virtue of maintaining their registration against Elogicom's name in the register. Therefore, for the same reasons as I have given above in relation to Tesco's trade marks claim and by application of the principles in *One in a Million*, Tesco is entitled by way of summary judgment to the *quia timet* injunctive relief which it seeks on this basis also."
291. In the present case, ASI registered the ASI domain name for entirely legitimate reasons, and used it to sell its own products. ASI did not use the word "ARGOS" in that domain name specifically (or indeed at all) with the object of trading on and benefiting from AUL's reputation with the general public. Nor has ASI brought about a situation which falls to be regarded as unfair or detrimental to the distinctive character or the repute of AUL's trade marks on the basis that ASI's domain name was registered to take advantage of the distinctive character and reputation of the marks. Internet traffic looking for AUL's website does not arrive at ASI's website because ASI set out to capture that traffic, and ASI was able (while ASI displayed ads) to monetise that traffic simply because it was arriving there through no fault of ASI's, and not because ASI chose or registered ASI's domain name with the object of trading on and benefiting from AUL's reputation.
292. Further, for the like reasons, it cannot fairly be said that, by its registration and use of ASI's domain name, ASI has sought to associate itself with and trade upon the considerable goodwill which attaches to AUL's name for the benefit of ASI.
293. Although expressed in my own words, and by reference to Mr Hill's submissions, these conclusions reflect my acceptance of the thrust of Mr Riordan's submissions.
294. In sum, I agree with him that the advantage that ASI gained from the ads was not significant in the context of the business of either ASI or AUL, was not without an

element of benefit to AUL, ought to be seen in the context that the traffic which enabled it to be gained was not sought out by ASI and was not without some unwanted adverse effects for ASI, was not accompanied by any transfer of reputation or brand characteristics to ASI's goods or services (although I accept this is not a determinative consideration), and, overall, was not, in my view, unfair.

Article 9(1)(c), condition (ix) – use of the sign without due cause

(i) The parties' submissions on the law

295. Where the trade mark proprietor demonstrates the existence of one of the three forms of injury in Article 9(1)(c) discussed above, it was common ground that the onus is then on the third party to establish that it has “due cause” for using the sign (see case C-65/12 *Leidseplein Beheer BV v Red Bull GmbH* [2014] ETMR 24 (“*Leidseplein*”) at [44]). In that case, the CJEU stated at [45]-[46], [60]:

“[45] ... the concept of ‘due cause’ may not only include objectively overriding reasons but may also relate to the subjective interests of a third party using a sign which is identical or similar to the mark with a reputation.

[46] Thus, the concept of ‘due cause’ is intended, not to resolve a conflict between a mark with a reputation and a similar sign which was being used before that trade mark was filed or to restrict the rights which the proprietor of that mark is recognised as having, but to strike a balance between the interests in question by taking account ... of the interests of the third party using that sign. In so doing, the claim by a third party that there is due cause ... obliges the proprietor of the mark with a reputation to tolerate the use of the similar sign ...

[60] ... the proprietor of a trade mark with a reputation may be obliged, pursuant to the concept of ‘due cause’ ..., to tolerate the use by a third party of a sign similar to that mark in relation to a product which is identical to that for which that mark was registered, if it is demonstrated that that sign was being used before that mark was filed and that the use of that sign in relation to the identical product is in good faith. In order to determine whether that is so, the national court must take account, in particular, of:

- how that sign has been accepted by, and what its reputation is with, the relevant public;
- the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered; and

- the economic and commercial significance of the use for that product of the sign which is similar to that mark.”

296. The intention of the third party in using the sign is also a relevant factor in assessing whether there is due cause (*Leidseplein* at [55]). Further, at [56] the CJEU gave the following guidance concerning good faith:

“In this regard, in order to determine whether the use of the sign similar to the mark with a reputation was in good faith, it is necessary to take account of the degree of proximity between the goods and services for which that sign has been used and the product for which that mark was registered, as well as to have regard for when that sign was first used for a product identical to that for which that mark was registered, and when that mark acquired its reputation.”

297. Mr Riordan relied on *Interflora* at [74], [91] in support of the submission that the concept of “due cause” has been given a particular meaning in the context of internet keyword advertising (emphasis added):

“[74] For its part, the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as, *inter alia*, ‘free-riding’, relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*L’Oréal* at [41]). ...

[91] By contrast, where the advertisement displayed on the internet on the basis of a keyword corresponding to a trade mark with a reputation puts forward—without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution or tarnishment and without, moreover, adversely affecting the functions of the trade mark concerned—an alternative to the goods or services of the proprietor of the trade mark with a reputation, it must be concluded that such use falls, as a rule, within the ambit of fair competition in the sector for the goods or services concerned and is thus not without ‘due cause’ for the purposes of Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation 40/94.”

298. Mr Riordan submitted that the *Interflora* conditions are to be applied in preference to the more general formulations developed in *Leidseplein*, which concerned prior user of a mark for identical goods in good faith. In particular, he argued that:

- (1) It is apparent from the judgment in *Leidseplein* (and the Court’s comments in *Interflora*) that the CJEU was not laying down exhaustive conditions for determining “due cause” or “good faith”. For example, it did not purport to alter the approach taken in cases like *Interflora*. Rather, it was laying down a principle which applied in relation to use for identical goods or services. Where the goods or services are dissimilar to those of the trade mark proprietor (as here with ASI’s services and the 263 Mark), the conditions can be no more stringent than in *Leidseplein* (where the goods were identical).
- (2) The primary criteria in *Leidseplein* are that the use of a third party of the sign must be tolerated if it predates the registration of the mark and is in good faith. The first criterion is objective; the second is subjective. It is for the national court to assess these elements in the light of the evidence. In *London Taxi* at [268] Arnold J approached the question of “due cause” on the basis that if a defence of honest practices succeeded under Article 12(b) CTMR then the same factors would justify a conclusion of “due cause”.
- (3) The relevant date is use predating the registration of the mark.
- (4) In *Interflora* there is no suggestion that the *Leidseplein* criteria must be satisfied in order for the ads to be with due cause. Similarly, on the approach in *Interflora*, if AUL’s claim under Article 9(1)(a) fails by reason of there being no adverse effect on the functions of AUL’s marks, then its claim based on Article 9(1)(c) must fail for the same reason.

299. Mr Riordan also placed reliance on the decision of the CJEU in *Google France*, and in particular the observations at [102]–[105]. He suggested that the upshot of that decision is that Google is entitled to derive a commercial advantage from the display of infringing ads on its website, and, if that is so, he asked rhetorically, why is ASI not entitled to derive a commercial advantage from the display of entirely legitimate ads of third parties which are placed by Google on ASI’s website?

300. Finally, on the law, Mr Riordan argued that in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] FSR 19 (“*Specsavers (CA)*”) Kitchin LJ at [128] emphasised that a “general” approach to the question of unfair advantage cannot be taken too far, or it would catch a wide variety of legitimate uses of trade marks (e.g. comparative advertising). Kitchin LJ summarised the combined effect of *Google France* and *Interflora* at [141] as follows:

“In my judgment these cases do reveal a development by the Court of Justice of its jurisprudence on the scope of art 9(1)(c) of the Regulation. They establish that a proprietor of a trade mark with a reputation is not necessarily entitled to prohibit the use by a competitor of his mark in

relation to goods for which it is registered even though the mark has been adopted with the intention and for the purpose of taking advantage of its distinctive character and repute, the competitor will derive a real advantage from his use of the mark, and the competitor will not pay any compensation in respect of that use. Consideration must be given to whether the use is without due cause. Specifically, the use of a trade mark as a keyword in order to advertise goods which are an alternative to but not mere imitations of the goods of the proprietor and in a way which does not cause dilution or tarnishment and which does not adversely affect the functions of the trade mark must be regarded as fair competition and cannot be prohibited.”

(ii) *AUL’s submissions on the facts*

301. Mr Hill submitted that:

- (1) ASI had no due cause for making use of ASI’s domain name in the way complained of.
- (2) The use was not connected with the continuation of ASI’s software business.
- (3) The suggestion that the ads were introduced to deter unwanted visitors or to limit consumption of bandwidth was implausible, unsupported by the contemporary documents, and did not survive cross-examination of ASI’s witnesses.
- (4) The sole purpose of the use was to take advantage of the reputation of AUL’s trade mark to make unearned profits from a secondary, UK-based, business, and that is not “due cause” within the meaning of the Regulation.
- (5) The present case is not analogous to the situation which was being considered in the *Interflora* case. The essence of the decision of the CJEU in that case is that use of a sign will not be without due cause if it falls within the ambit of fair competition. In keyword advertising cases like *Google France* and *Interflora* the effect of a third party selecting a mark as a keyword is that its ads appear in sponsored links, but the trade mark proprietor’s page will still appear in the natural search results, so that the visibility of the proprietor’s goods and services is guaranteed. That is not so in the present case, because there is no guarantee that AUL’s ads will appear on ASI’s website.
- (6) Further, ASI is not seeking to offer consumers alternatives to AUL’s goods and services (an activity that has some social utility) but purely to generate a profit for itself (which is not an activity that has any social utility).

- (7) Moreover, in the present case internet users who type in a search term are not presented with a choice between the proprietor's site and the third party's site: instead, the users in the present case are trying to access AUL's website from the start, and when they inadvertently arrive at ASI's website they either get back to where they were wanting to go by clicking on one of AUL's ads or, worse still, they click on an ad for one of AUL's competitors (in either case enabling ASI, in Mr Hill's submission, to "skim off" a profit).
- (8) There is no fair competition between commercial rivals in the present case, merely one person (ASI) making money for nothing by exploiting the traffic that is attempting to gain access to the website of another person (AUL).
- (9) ASI's position is not materially different to that of a "squatter" who registers a domain name which contains a common misspelling of a proprietor's name and then puts up a website consisting purely of AdSense ads for the proprietor. Such a person takes unfair advantage of the proprietor's mark and does not act with due cause.
- (10) The fact that ASI registered ASI's domain name long ago and used it legitimately for its software business in the USA is not a valid point of distinction. Once ASI introduced ads (which on the facts it did after the problems caused by the unwanted traffic looking for AUL were in the past and purely to make money from that traffic), ASI in reality decided to use ASI's domain name for an illegitimate purpose which was entirely unconnected to ASI's software business, exactly like a squatter of that kind.

(iii) ASI's submissions on the facts

302. Mr Riordan submitted that:

- (1) ASI uses the sign ARGOS.COM to advertise its own software development services, which are not mere imitations of the goods of AUL.
- (2) Further, insofar as ASI facilitates third parties' ads for goods, there is no evidence that these are anything other than lawful alternatives, or indeed are AUL's own ads for AUL's own goods.
- (3) Also, there is no suggestion that the ads on ARGOS.COM imitate any goods or services of AUL.
- (4) None of AUL's witnesses were able to offer any examples of misleading ads that they had seen. For example, Mr Barrett accepted in cross-examination

that a visitor “would be able to tell the difference between an Argos ad and the ad of a third party”.

- (5) ASI’s use of the sign ARGOS does not cause dilution or tarnishment, and (as set out above) does not adversely affect the functions of the trade mark.
- (6) Accordingly, ASI’s use must be regarded as falling within the ambit of fair competition, and as being with “due cause” for the purpose of Article 9(1)(c). AUL has no right to prohibit such use (see *Leidseplein* at [60]; *Specsavers* at [141]).
- (7) This is all the more so where, as here, ASI’s registration and use of argos.com long predates the registration (and indeed filing) of the 263 Mark relied upon by AUL. This is an important factor weighing in favour of prior use being “with due cause” (see, for example, *Leidseplein* at [60]).
- (8) In sum, AUL has acquired its later rights subject to ASI’s pre-existing ownership of “argos.com” and cannot complain when ASI continues to use and benefit from that domain name.

(iv) *Discussion of the issue of use of the sign with due cause*

303. I do not consider that it is necessary for me to decide whether all the arguments that Mr Riordan advanced concerning the law are correct. In particular, there is no need to decide whether the points that he sought to extract from *Google France* are well founded, and I prefer to express no view on that unless I am required to do so.

304. In my judgment, however, the headline points that he made on the facts are correct.

305. I understand Mr Hill’s focus on the difference between ASI’s initial and long-standing use of the sign (which he accepts to be legitimate) and ASI’s use following the decision to display ads and *a fortiori* the decision to establish two different geo-targeted versions of ASI’s home or landing page (which he labels illegitimate). However, I have difficulty in viewing ASI’s conduct as not according with honest practices, or as involving ASI in use of its domain name for illegitimate purposes.

306. If ASI had displayed ads on its website from the outset, I am unable to see that AUL could lawfully have complained, albeit that the website would have been accessible in the UK, and regardless of whether (a) ASI had any need to display ads for the benefit of its business, (b) ASI decided to display ads solely in order to make money, and (c) ASI in fact made more money from the ads than it otherwise

would have done because many people visited ASI's website due to mistakes made by them which were not caused or contributed to by ASI and over which it had no control. For AUL to enjoy a basis of legal complaint in those circumstances would seem to me to produce altogether too extravagant and anti-competitive a result.

307. I am unable to accept that it makes any difference that (a) rather than displaying ads on its website from the outset, ASI only decided to display ads after some years had passed, and (b) ASI did this in the knowledge that it was likely to benefit in the form of an increased income stream generated by such displays due to the large volume of misdirected traffic which it did nothing to generate or encourage, and did not want. Unlike the squatter in Mr Hill's example, ASI did not set out to take advantage of AUL's marks. When an opportunity to make money by a commercial activity (displaying ads) which is in all other respects lawful and not misleading in any way dropped into ASI's lap due to the volume of visits from UK consumers which ASI had not induced them to make, and ASI saw a means of taking up that opportunity while at the same time minimising the problems for ASI to which unwanted UK visitors might otherwise give rise by splitting the website into two versions, I am unable to accept that the breadth of AUL's rights as trade mark proprietor is such as to require ASI to give up that opportunity on pain of being held to have infringed those rights.

308. For these reasons, I determine the issue of due cause in favour of ASI in this case.

ASI's defences

309. ASI raises three free standing defences to AUL's trade mark infringement claims, namely: (a) an own name defence under Article 12(a) of the Regulation, (b) an equitable acquiescence defence under English law, and (c) a defence and counterclaim based on a right of indemnity pursuant to the Google AdWords terms.

310. Because I have already decided that AUL's claims for infringement of trade marks fail on a number of grounds, the first and second of these defences do not arise. However, having regard to the breadth of ASI's arguments concerning the third defence, which includes a claim to be indemnified in respect of the costs of these proceedings, it is still necessary to consider that defence. In addition, I consider that it may be helpful for me to consider the first defence as well. But I do not propose to consider the second defence, not least to avoid further lengthening this judgment.

ASI's own name defence

(i) *The parties' submissions on the law*

311. So far as relevant, Article 12(a) provides:

“A Community trade mark shall not entitle the proprietor to prohibit a third party from using in the course of trade:

(a) his own name or address

provided he uses them in accordance with honest practices in industrial or commercial matters.”

312. In accordance with Council Regulation (EU) 2015/2424, which entered into force on 23 March 2016, this defence is now limited to “natural persons”. However, as all of the alleged acts of trade mark infringement took place before September 2015, the instrument in force at all material times was the old Regulation, under which the defence applies to corporations as much as to natural persons (see *Anheuser-Busch Inc v Budějovický Budvar Národní Podnik* [2005] ETMR 27 (“*Anheuser-Busch*”) at [77]–[80]; *Maier v ASOS* [2015] EWCA Civ 220; [2015] FSR 20 (“*ASOS*”), Kitchin LJ at [147]).

313. Both sides relied on the following statement of the law *Hotel Cipriani v Cipriani (Grosvenor Street) Ltd* [2010] RPC 16 (“*Hotel Cipriani*”), Lloyd LJ at [59]–[72]:

“[I]n principle an individual ought to be able to use the defence in relation to an adopted name by which he or she is known ... That being so, I find it difficult to understand why a corporate entity should not be able to do so, if it can show that it uses a distinct name for trading purposes. ... In my judgment the Article 12(a) defence may be available in respect of a trading name, as well as the corporate name of a company, but it will depend on (a) what the trading name is that has been adopted; (b) in what circumstances it has been adopted; (c) depending on the relevant circumstances, whether the use is in accordance with honest practices.”

314. The requirement that the defendant’s conduct should be in accordance with honest practices in industrial and commercial matters reflects a general duty to act fairly in relation to the legitimate interests of the trade mark proprietor (see *Anheuser-Busch C-245/02*, EU:C:2004:717 [2004] ECR I-10989 at [82]; *ASOS* at [147]). This requires an overall assessment, in light of all the relevant circumstances, of whether the defendant “can be regarded as unfairly competing with the proprietor of the trade mark” (*Anheuser-Busch* at [84]).

315. Mr Riordan contended, however, that this does not require defendants “to submit to an open-ended assessment of their commercial morality” (see *Samuel Smith Old Brewery (Tadcaster) v Lee (t/a Cropton Brewery)* [2011] EWHC 1879 (Ch); [2012] FSR 7 (“*Samuel Smith*”), Arnold J at [120]).

316. It is relevant to consider why the defendant adopted the name and whether, when adopting it, the defendant was aware of the claimant's registered mark (see *Céline SARL v Céline SA*, C-17/06, EU:C:2007:497 [2007] ECR I-7041 (“*Celine*”); *Hotel Cipriani*, Lloyd LJ at [67]–[68], [72]).

317. Both sides also relied on the decision of the Court of Appeal in *ASOS* and in particular the judgment of Kitchin LJ at [147]–[148], in which (among other things) he explained that in determining whether a defendant is acting fairly in relation to the legitimate interests of the trade mark proprietor:

“it will be relevant to consider, among other things, whether there exists a likelihood of confusion; whether the trade mark has a reputation; whether use of the sign complained of takes advantage of or is detrimental to the distinctive character or repute of the trade mark; and whether the possibility of conflict was something of which the defendant was or ought to have been aware. The national court must carry out an overall assessment of all the circumstances and determine whether the defendant is competing unfairly.”

318. Mr Riordan further submitted that, on the facts of that case, the Court of Appeal identified a number of considerations which were said to be “particularly material”:

- (1) Whether both parties adopted their names independently, and whether the defendant had never intended to confuse the public or trade or otherwise damage the proprietor's business or mark: *ASOS*, [159(i)].
- (2) Whether, by the time the proprietor's business came to the attention of the defendant, the defendant had already generated a substantial goodwill and reputation of its own: *ASOS*, [159(i), (iii)].
- (3) Whether the defendant did not believe that the proprietor's business would be affected or impacted upon by its own trade (e.g. because they occupied different market segments or traded through different channels): *ASOS*, [159(ii)].
- (4) Whether when the defendant's use of the sign commenced the parties did not anticipate problems in the marketplace, and whether the defendant's own business activities have benefitted from the claimant or been detrimental to the distinctive character or repute of the claimant's mark: *ASOS*, [159(iv)].
- (5) Whether there was actual confusion or a real likelihood of it occurring in the future, bearing in mind the parties' particular ways of carrying on business and any material changes in contemplation: *ASOS*, [149], [159(v)].

- (6) Whether the defendant has (even if belatedly) taken steps to minimise overlap with the proprietor's business model: *ASOS*, [159(vi)].

319. Both sides also referred me to *Samuel Smith Old Brewery (Tadcaster) v Lee* [2011] EWHC 1979 (Ch) [2012] FSR 7, in which Arnold J provided a non-exclusive list of factors potentially relevant to the issue of honest practices (see [112]-[120]). Among other things, Arnold J observed at [116]:

“... an important factor is whether the use of the sign complained of either gives rise to consumer deception or takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark. If it does, it is unlikely to qualify as being in accordance with honest practices: see *Gillette* at [49], *Anheuser-Busch* at [83] and *Céline* at [34].”

320. Mr Riordan further submitted that in cases of honest concurrent use some give and take is needed: “Provided the parties behave fairly and reasonably it works” (see *Reed Executive plc v Reed Business Information Ltd* [2004] EWCA Civ 159, [2004] RPC 40 per Jacob LJ at [147], with whom Rix and Auld LJ agreed). He suggested that if a company like AUL chooses to adopt a commonplace Greek name derived from a shared cultural canon of mythology, it is inevitable that it will encounter other traders using the same in various other parts of the world. Minor instances of friction are bound to happen from time to time. Globalisation means that the UK or Europe cannot be hermetically sealed off from the rest of the world, particularly in globally accessible fields such as e-commerce.

(ii) *AUL's submissions on the facts*

321. Mr Hill submitted that:

- (1) ASI's evidence provides no substantial support for the contention that ASI does indeed go by the trade name “Argos”. The position appears to be the same as in the *Cipriani* case and in *Premier Luggage v Premier Company (UK) Limited* [2002] EWCA Civ 387; [2003] FSR 5, in both of which, as Mr Hill contended, it was made clear that the defence will not apply to an abbreviation or an adaption of a company's corporate name or trading name.
- (2) Even if ASI's use of argos.com can count as use of its own name, the defence is nonetheless unavailable as the use is not in accordance with honest practices, in particular because (a) it affects the functions of AUL's trade marks, (b) it takes unfair advantage of the distinctive character and repute of the 263 Mark, and (c) what ASI has been doing is classic free-riding, with its own existing business providing no sufficient justification for its activities.

- (3) The unacceptability of ASI's activities is indicated by the approach taken in domain name disputes, where it is widely accepted that "ad farming" amounts to abusive use of a domain name justifying transfer to the complainant.

(iii) *ASI's submissions on the facts*

322. With regard to use of ASI's own name Mr Riordan submitted that Mr Moilanen's evidence was clear that he believed "ARGOS" to be a trading name of ASI, that the evidence showed that this trading name has been adopted ever since ASI's incorporation in 1991, and that this evidence was not undermined in cross-examination:

- (1) The documents to which Mr Moilanen was taken make clear that ARGOS is being used both to refer to products of ASI and to identify ASI itself. An article in the December 1992 edition of "Automated Builder" is headed "'Vertex' In Europe, 'Argos' In U.S."; a "Building Design System" brochure used "ARGOS" on the cover page, accompanied by the unregistered "TM" symbol immediately next to "ARGOS"; another brochure is entitled "ARGOS FRAMER FOR WOOD".
- (2) ASI's website itself also uses ARGOS in various places. The fact that ASI may trade as both ARGOS and ARGOS SYSTEMS is immaterial.
- (3) Further or alternatively, in the context of ASI's website and domain name, the sign ARGOS.COM has functioned as ASI's badge of origin in cyberspace at all times since January 1992. ASI's customers access argos.com to inquire about its services, download trial versions of its software, and receive technical support. That is plainly sufficient to qualify as a trading name.
- (4) The threshold hurdle of trading name should not be applied with excessive strictness. In accordance with the exposition of Lloyd LJ in *Cipriani*, the focus should be on the circumstances in which the trading name was adopted and whether the use is in accordance with honest practices. ARGOS and argos.com have been adopted for a very long period of time and used by ASI to trade. Neither is a mere abbreviation.

323. With regard to honest practices in industrial and commercial matters, and in reliance on the evidence of Mr Moilanen (which was necessarily largely second hand), Mr Riordan starting by addressing the factors identified as relevant in *ASOS*:

- (1) ASI adopted its name independently of AUL and without knowledge of it, in 1991, after its founder (who liked Greek mythology) read a history book.

- (2) By the time ASI found out about AUL's business in late 2004, ASI had been trading for nearly 14 years and already possessed a substantial goodwill and reputation in America.
- (3) ASI did not believe that AUL's business would be impacted since the two companies operate on opposite sides of the globe and sell to different customers, and indeed AUL's own evidence shows that it has not been impacted.
- (4) The only problem that ASI anticipated was its own to deal with, namely the problem of "rogue" visitor traffic to argos.com. ASI's business has not benefited from the existence of AUL. On the contrary, ASI has been put to trouble and expense. When ASI adopted AdSense ads, it did so primarily in order to deflect this traffic, to "make the best of a bad situation" and as a last resort having tried other alternatives.
- (5) There is no evidence of relevant actual confusion or any likelihood of it in future, so far as ASI is aware.
- (6) As soon as ASI was made aware of AUL's objection, ASI took steps to "blacklist" AUL's domain names from appearing in ads, and ASI has since removed the ads entirely and reverted to its original pre-2008 trade on argos.com.

324. Next, Mr Riordan submitted that application of the *Samuel Smith* factors to the evidence led to the following conclusions:

Element (i): Whether ASI knew of the existence of the trade mark, and if not whether it would have been reasonable for it to conduct a search

- (1) AUL's trade marks did not exist when ASI registered and commenced its use of argos.com. Mr Moilanen's evidence is that AUL played no role in ASI's decision to trade as "ARGOS" or register "argos.com" for its website. His evidence on this point was not challenged. Although Mr Moilanen has no personal knowledge of this matter, he spoke to the founder of the business (Mr Vulli) and there is no reason to disbelieve this account.
- (2) Although ASI was aware of AUL when AdSense was introduced in 2008, there is no evidence that ASI was aware of ASI's trade marks. Moreover, by this stage ASI had been using the sign on argos.com for over 16 years, and it would be unreasonable to expect it to give up its accrued goodwill.

- (3) As a US company with no trade in the EU, it would not have been reasonable for ASI to conduct a trade mark search in the EU. ASI had no need to do this: all its customers were based in America and its only trade was there.

Element (ii): Whether ASI used the sign complained of in reliance on competent legal advice based on proper instructions

- (4) ASI accepts that it did not seek legal advice in relation to its use of the sign ARGOS, either in 1991 or at any time before the letter before claim. Mr Riordan suggested, however, that even if it had done so a US attorney would have advised it that there was no difficulty at all with introducing AdSense.

Element (iii): The nature of the use complained of, and in particular the extent to which it is used as a trade mark for ASI's goods or services

- (5) ASI's use of ARGOS in the URL "argos.com" is to describe itself, but its core product is branded VERTEX not ARGOS, so the use of ARGOS is the minimum necessary for ASI to refer to itself in trade.

Element (iv): Whether ASI knew that AUL objected to the use of the sign complained of, or at least should have appreciated that there was a likelihood that AUL would object

- (6) Mr Moilanen gave unchallenged evidence that ASI never appreciated a likelihood of objection until the letter before action. Nor should it have: its website was a legitimate one, and partnering with Google on AdSense was a legitimate source of revenue used by millions of businesses worldwide.

Element (v): Whether ASI knew, or should have appreciated, that there was a likelihood of confusion

- (7) There is no likelihood of confusion nor is any alleged. Although ASI was aware of 4 instances of misdirected emails from C's customers, these were unrelated to the advertising complained of and clearly came from careless visitors who are not reflective of the average consumer.

Element (vi): Whether there has been actual confusion, and if so whether ASI knew this

- (8) There was no actual confusion. The 4 emails received in 14 years are neither relevant (their senders are not reasonably observant) nor of sufficient volume.

- (9) The absence of further emails is a positive indication that there was no confusion. In evaluating evidence of confusion, it is for the Court to determine “what opportunity there has been for confusion to occur and what opportunity there has been for any such confusion to be detected” (*Samuel Smith*, Arnold J at [95]). In the present case any real confusion would have been likely to manifest itself in written form by way of emails. That has not happened, despite ASI having a lengthy period of records. That is highly probative of there being no actual confusion.
- (10) Merely visiting argos.com is not relevant confusion for trade mark purposes, as the comments of Kitchin LJ in *Interflora* make clear.

Element (vii): Whether the trade mark has a reputation, and if so whether ASI knew this and whether ASI knew, or at least should have appreciated, that the reputation of the trade mark would be adversely affected

- (11) ASI accepts that AUL’s trade marks have a reputation, and that it knew this from about 2014. However, ASI did not know this when it selected the sign ARGOS in 1991.
- (12) There is no evidence that the reputation of the marks has been adversely affected, still less any evidence that ASI appreciated this.

Element (viii): Whether ASI’s use of the sign complained of interferes with the owner’s ability to exploit the trade mark

- (13) Although AUL cannot register argos.com if ASI is using it, AUL is able to exploit its mark on any other available domain name (and has done so since 1996 on argos.co.uk very successfully), so there is no real interference. Although AUL might prefer to control all “argos” domain names, that is not a right given to it by trade mark registration, especially where the use complained of significantly predates AUL’s registration.

Element (ix): Whether ASI has a sufficient justification for using the sign complained of

- (14) ASI’s justification is to identify itself on its own legitimate website as the origin of its own services, and to continue its very longstanding use of argos.com as the primary marketing tool for its business.
- (15) The addition of ads does not need independent justification at this stage because that does not involve any additional or new use of the sign. In any

case, this also had a clear justification, namely (a) to deter unwanted visitors in an attempt to prevent the website from crashing, (b) to recoup bandwidth and hosting costs, and (c) to derive revenue from ads which must be characterised as “fair competition” in the *Interflora* sense.

(16) These reasons constitute a sufficient justification.

Element (x): The timing of the complaint from the trade mark owner

(17) ASI has been using the sign complained of continuously since 1991, whereas AUL’s complaint was not made until 30 May 2014. This involved major prevarication. First, AUL admitted that it had been aware of the domain name (and hence ASI’s use of the sign ARGOS) “for many years”. Second, although AUL argues that its present complaint is new, because the nature of ASI’s use changed in 2008 to include ads, even that is a very long delay. In fact, AUL was clearly aware of ASI’s trade on argos.com under its own name much earlier – in Mr Barrett’s case from 2006, but in all likelihood it registered other domain names such as argoes.com but did not register argos.com because it knew at that time that argos.com was not available. Third, AUL considered buying argos.com in 2012 and made offers in 2013 and early 2014, and only pursued a legal complaint when these were rejected. The real reason for AUL’s complaint is, with hindsight, obvious.

(18) The delay in AUL’s complaint is strongly indicative that ASI’s use of the sign ARGOS was in accordance with honest practices.

325. Mr Riordan also submitted that the *Samuel Smith* factors are not exhaustive. He suggested that the following additional factors also supported ASI’s own name defence:

(1) First, the fact that the domain name system operates on a “first come, first served” basis pursuant to which any trader may register a domain name in accordance with the relevant top-level domain registration policies. Many other “ARGOS” related domain names are owned by legitimate companies operating in other jurisdictions, including within the EU.

(2) Second, the terms of the ICANN, *Uniform Domain-Name Dispute-Resolution Policy* (adopted 26 August 1999) (“UDRP”). Mr Riordan described this as the most universally recognised set of requirements to determine the legitimacy of a .com domain name registration. Mr Cohen gave evidence that he has used this in the past to resolve complaints about other domain names. ASI’s website has at all times complied with the UDRP, and AUL would have

no cause for complaint about argos.com. In fact, if AUL initiated UDRP proceedings, they would fall within the definition of “reverse hijacking” and be liable to penalties for an abusive claim (see UDRP *Rules of Procedure*, r 15(e)). That is a very strong indication that it is AUL, not ASI, which is acting contrary to accepted commercial practice in bringing this claim.

- (3) Third, the prevailing Google AdSense policies. Google’s own ad policies define a *de facto* system of rules and conventions recognised by traders who participate in Google’s online advertising programmes and broadly reflect prevailing practices in the sector. These policies are in widespread use and are enforced by Google. ASI’s website has never been the subject of a complaint for breach of the policies. Further, AUL has also participated in the same programme and agreed to be subject to the same policies. This is a further factor supporting ASI’s position that online ads of the kind in question in the present case are a form of fair competition on the internet.
- (4) Fourth, the duration of ASI’s trade. The longstanding nature of ASI’s use of the sign (in any territory) must be taken into account in assessing the probity of its decision to continue using that sign. Reasonable traders will be mindful of the accrued goodwill in a name and brand, and far more reluctant to move away from it – particularly where the only obvious alternatives are taken.

(iv) *Discussion of ASI’s own name defence*

326. In my judgment, this defence is made out.

327. In large part, Mr Hill’s submissions repeated points which he had advanced in support of other aspects of AUL’s case, and which I have already rejected under those headings. For the reasons set out above, I do not accept that ASI’s use of argos.com is not in accordance with honest practices or can properly be said to amount to unfair competition with AUL. The reason why ASI adopted the name ARGOS is that its moving light chose a name from the lexicon of Greek mythology (it would seem in common with many other traders all over the world). When adopting that name in 1991, ASI was unaware of AUL’s marks, which indeed had not even been registered at that time. Looking briefly at the other considerations which were identified by Kitchin LJ in *ASOS* as being of relevance to a determination of whether ASI is acting fairly in relation to the legitimate interests of AUL, in my judgment: (a) there exists no likelihood of confusion; (b) although AUL’s mark plainly has a very substantial reputation, use of the sign complained of does not take advantage of and nor is it detrimental to the distinctive character or repute of that mark; (c) the possibility of conflict was not something of which ASI was or ought to have been aware; and (d) on an overall assessment of all the

circumstances, ASI is not competing unfairly, beyond doubt whenever ads have not been displayed on ASI's website, and in my view even when they have been.

328. The one element which Mr Hill added in his submissions in respect of the own name defence is his contention that the *Cipriani* and *Premier Luggage* cases make clear that the defence will not apply to an abbreviation or an adaption of a company's corporate name or trading name. However, what I take away from those cases is the recognition of Lloyd LJ in the *Cipriani* case that the Article 12(a) defence may be available in respect of a trading name, as well as the corporate name of a company, depending on the circumstances. Those circumstances include: what trading name has been adopted (in the present case, the name adopted is ARGOS, the name of a character from Greek mythology); in what circumstances that name has been adopted (in summary, in the present case, in 1991, for the purposes of a legitimate business which is directed solely at trade in the Americas, which does not compete with AUL, and without any - let alone any sinister - knowledge of any likely adverse impact on AUL's business, or any possibility of confusion or of benefitting from a suggested association with AUL or its marks); and whether ASI's use is in accordance with honest practices (as I consider it is).
329. To give individual consideration to the great many points which were made by Mr Riordan would lengthen this judgment considerably, and is, in my view, unnecessary in light of these conclusions. Moreover, I would not want to be taken to accept all those points, at least without qualification. For example, I did not hear extensive argument on Mr Riordan's "reverse hijacking" point, and I would prefer to express no firm view on his contentions about UDRP proceedings generally.
330. In general, however, and to a significant extent in accordance with the findings that I have already made, I consider that Mr Riordan's points concerning the factors identified in *ASOS* and *Samuel Smith* are well founded, and that there is also some force in his four additional points. Overall, I am satisfied that the balance comes down firmly in favour of the two essential elements of ASI's own name defence, namely (i) that use of the sign ARGOS is of ASI's own name, and (ii) that ASI's use of that sign is in accordance with honest practices in commercial matters.

The argument about indemnity

(i) The relevant contractual provisions

331. The Google Adwords terms contain the following indemnity clauses:

- (1) The 2006 terms are governed by the law of California (see Clause 10). Clause 8 of the 2006 terms provides:

“9. Indemnification. Customer shall indemnify and defend Google, its Partners, agents, affiliates, and licensors from any third party claim or liability (collectively, “Liabilities”), arising out of Use, Customer's Program use, Targets, Creative and Services and breach of the Agreement. Partners shall be deemed third party beneficiaries of the above Partner indemnity.”

- (2) The 2009 terms are governed by English law (see Clause 20). Clause 11 of the 2009 terms provides:

“**11. Indemnity.** Customer shall indemnify and defend Google, its agents, affiliates, directors, officers, employees and Partners (“Google Indemnified Persons”) from and against any claims, losses, liabilities, expenses, damages and settlement amounts (including legal fees and costs) incurred by any Google Indemnified Person(s) arising out of Customer's breach of clauses 3.3, 3.4, 3.5, 7 and/or 10 of these Terms. These indemnification obligations shall exist only if Google: (i) promptly notifies the Customer of any claim; (ii) provides Customer with reasonable information and cooperation in defending the claim; and (iii) gives Customer full control and sole authority over the defence and settlement of such claim. The Google Indemnified Persons may join in the defence with counsel of its choice at its or their own expense.”

- (3) The 2013 terms are governed by English law (see Clause 12(a)). Clause 10 of the 2013 terms provides:

“**10 Indemnification.** Customer will defend, indemnify and hold harmless Google, its Partners, agents, Affiliates, and licensors from any third party claim or liability arising out of or related to Targets, Creative, Destinations, Services, Use and/or breach of these Terms by Customer. Partners are intended third party beneficiaries of this Clause.”

332. ASI contended that these indemnities are directly enforceable by it under the Contracts (Rights of Third Parties) Act 1999 (“the 1999 Act”).

333. Section 1 of the 1999 Act provides, insofar as relevant:

“(1) Subject to the provisions of this Act, a person who is not a party to a contract (a ‘third party’) may in his own right enforce a term of the contract if —

- (a) the contract expressly provides that he may, or

- (b) subject to subsection (2), the term purports to confer a benefit on him.
- (2) Subsection (1)(b) does not apply if on a proper construction of the contract it appears that the parties did not intend the term to be enforceable by the third party.
- (3) The third party must be expressly identified in the contract by name, as a member of a class or as answering a particular description but need not be in existence when the contract is entered into. ...
- (5) For the purpose of exercising his right to enforce a term of the contract, there shall be available to the third party any remedy that would have been available to him in an action for breach of contract if he had been a party to the contract ...”

334. When placing reliance on the 1999 Act, Mr Riordan concentrated on the 2013 terms, submitting that “It is apparent on the face of Clause 10 [of the 2013 terms] that s1(1)(a) is satisfied by stating that Partners “are intended third party beneficiaries of this Clause””. I am uncertain whether this focus was deliberate, but I consider that he was right to take this course at least with regard to the 2006 terms, because they are not governed by English law. So far as concerns the 2009 terms, Clause 17 provides “**Rights of third parties**. Except as expressly stated otherwise, nothing in this Agreement shall create or confer any rights or other benefits in favour of any person other than the parties to this Agreement”. However, this exception is probably satisfied by the wording of Clause 11 of the 2009 terms. Be that as it may, I consider that Mr Riordan is right in his contention as to the meaning and effect of Clause 10 of the 2013 terms. This interpretation is confirmed by Clause 12(h) of the 2013 terms, entitled “**Miscellaneous**”, which provides “Except as expressly listed in Clause 10, there are no third-party beneficiaries to these Terms”.

335. I should mention for completeness, however, that Mr Riordan submitted in the alternative that s1(1)(b) of the 1999 Act is satisfied in that Clause 10 of the 2013 terms purports to confer a benefit on Partners, and there is nothing in the AdWords Terms which suggests that the parties did not intend clause 10 to be enforceable by ASI. He submitted that (a) once s1(1)(b) is satisfied, AUL bears the onus of proving that s1(2) is satisfied (see *Chitty on Contracts* (32nd ed) [18-095] and the cases there cited) (b) it is well-established that third party beneficiaries of an indemnity can rely on the benefit directly conferred upon them directly against the promisor unless the promisor can show that the parties did not so intend (see *Laemthong International Lines Co Ltd v Abdullah Mohammed Fahem & Co* [No 2] [2005] 1 CLC 739, and (c) it is sufficient that the term does confer a benefit

(whether or not that was its predominant purpose or intent) (see *Prudential Assurance Co Ltd v Ayres* [2007] EWHC 775 (Ch)). Accordingly, any Partner of Google is a member of a class of person who is identified in the 2013 terms and can bring an action for breach of the contract as if it was a party to the 2013 Terms: s1(5) of the 1999 Act.

(ii) *AUL's case on interpretation*

336. Mr Hill submitted that the defences based on these terms must fail because:

- (1) In each case the indemnity only applies in respect of “third party” liabilities, that is liabilities to persons other than the parties to the contract (i.e. Google and, in the present case, AUL). This is as one would expect with indemnities, the conventional aim of which is to protect parties to agreements from liabilities to non-parties incurred due to the performance or effects of the agreement.
- (2) As with the authorisation term relied upon in relation to the consent argument, the indemnities can have no relevance to use of ASI's domain name itself, rather than liability incurred due to the contents of the AdSense advertising. This is because (in the language of Clause 10 of the 2013 terms) liability arising from use of argos.com does not “arise out of” and is not “related” to “Targets, Creative, Destinations, Services, Use and/or breach of these Terms by [AUL]”.

(iii) *ASI's case on interpretation*

337. Mr Riordan submitted that the wording of Clause 10 of the 2013 terms (i.e. to “defend, indemnify and hold harmless”) must be given its ordinary and natural meaning, in the widest sense of “recompense for any loss or liability which one person has incurred” (see *Chitty on Contracts* (32nd ed), [45-006]). This must include any financial remedy which ASI is otherwise liable to pay to AUL in relation to the ads, and any costs of defending the present claim.

338. In this regard, he submitted that number of definitions and other terms are relevant:

- (1) “**Customer**” is defined in the first paragraph as “the entity executing these Terms or that accepts these Terms electronically”. In this case, this is AUL.
- (2) “**Partner**” is defined in clause 1 to mean a third party on whose behalf “any content or property” is provided on which to place the Customer's advertising

materials and related technology (defined as “Ads” or “Creative”). This includes ASI, which has provided argos.com to Google for that purpose.

- (3) “**Targets**” is defined in clause 1 to mean “Ad trafficking or targeting decisions (e.g., keywords)”. This includes argos.com insofar as AUL’s campaigns appeared there.
- (4) “**Destinations**” is defined in clause 1 to mean “Properties to which Creative directs viewers (e.g., landing pages) along with the related URLs and redirects”. These are the websites to which internet users are taken if they click on an ad (such as argos.co.uk).
- (5) “**Programmes**” is defined as “Google’s advertising programmes and services (i) that are accessible through the account(s) given to Customer in connection with these Terms or (ii) that reference or are referenced by these Terms”.
- (6) “**Use**” is defined in clause 2 to refer to the Customer’s “use of the Programmes”.
- (7) Clause 5 of the 2013 terms includes broad warranties given by the Customer, including that:
 - “(a) it holds, and hereby grants Google, its Affiliates and Partners, the rights in Creative, Destinations and Targets for Google, its Affiliates and Partners to operate the Programmes”; and
 - “(c) Use, the Services or Destinations will not: ... (ii) infringe any intellectual property rights of any third party ...”
- (8) Clause 9 is a limitation of liability clause, but this is expressed not to apply to liability under clause 10 (see Clause 9(a)(iii)).

339. Mr Riordan submitted that, in light of these provisions:

- (1) It is clear that Clause 10 is directed to any liability incurred by Partners arising out of or related to, *inter alia*: the Targets on which AUL’s ads are placed (e.g. argos.com); AUL’s own Use of Google AdWords (including all its ads); and any breaches of the AdWords terms by AUL. As such, if and insofar as the display of AUL’s ads on argos.com would otherwise give rise to any liability, Clause 10 provides a full indemnity against that liability (including, for the avoidance of doubt, a liability to pay legal costs).

- (2) Further, if and insofar as AUL has not given ASI the necessary consent to operate the Programmes (including by means of hosting AdSense ads on argos.com), AUL has breached the warranty it gave in clause 5(a) of the 2013 terms and is liable to indemnify ASI against that breach under Clause 10.
- (3) The wording “defend ... and hold harmless” connotes stepping in to defend a claim brought in breach of the terms. It would make no sense if the indemnity covered the conduct of everyone except AUL, assuming that AUL has acted in breach of the AdWords Terms.
- (4) Even if ASI is wrong about the foregoing, if AUL has acted in breach of the AdWords Terms by bringing the present claim (e.g. contrary to Clause 5(a)), ASI is entitled to damages for breach of contract based on normal principles. The measure of damages required to put ASI in the position had AUL performed fully would be equal to the amount of an indemnity in any case.

(iv) Discussion of the argument about indemnity

340. In my view, the words “any third party claim or liability” in Clause 10 of the 2013 terms should be read together, and relate to (a) “any claim by a third party” and “any liability to a third party”, as opposed to (b) “any claim by a third party” and “any liability [to anyone]”. Accordingly, in my judgment, and as submitted by Mr Hill, the Clause only applies in respect of liabilities to third parties, i.e. liabilities to persons those who are not parties to the contract. Examples would include the liability of a Partner to a third party for defamation or (in keeping with Clause 5(b)) for infringement of copyright arising from the display on the Partner’s website of an ad which the Customer has contracted with Google to have displayed there.
341. On this basis, Clause 10 is not apt, in my opinion, to provide ASI with an indemnity in respect of any liability that it may have incurred to AUL as a result of displaying AUL’s ads on ASI’s website, whether for damages for infringement of trade mark or passing off or for the costs of the present proceedings.
342. Further, Mr Riordan’s arguments additional arguments do not, in my view, take ASI’s case any further. If AUL acts in breach of the 2013 terms vis-à-vis a Partner, the Partner has no need for an express contractual indemnity because the Partner will be able to rely on its ordinary legal rights to protect itself against the adverse consequences of that breach in any event (e.g. by defending the claim on its merits, or, in an appropriate case, by obtaining an injunction to restrain the breach).
343. In my view, Mr Riordan is seeking to stretch ASI’s case for an indemnity beyond its original bounds by asserting that, in the event that AUL brings a claim in breach

of the 2013 terms, ASI is entitled to damages for breach of contract, and, moreover, the measure of damages would be equal in amount to an indemnity. In addition, I do not consider that this contention is correct in any event. If AUL brings a claim against ASI in breach of the 2013 terms, that will only result in an entitlement to damages on the part of ASI if that breach causes damage to ASI. In the present case, ASI has no such claim for damages. I have held that insofar as AUL's claims are based upon the display of AUL's ads on ASI's website, those claims are unsustainable in light of the grant of rights contained in Clause 5 of the 2013 terms. It does not follow that by asserting the contrary in the present claims AUL has acted in breach of contract, or that ASI has suffered any damage as a result of any such breach. ASI has clearly incurred costs in defending the present proceedings, but costs are not damages for these purposes. If they were, and if Mr Riordan's argument about the measure of damages were right, it would seem to follow that in any case where proceedings are brought against a person in breach of contract that person would be entitled to an order for indemnity costs; but that is not correct.

344. Clause 8 of the 2006 terms is similarly limited to "third party claim or liability".

345. Although Clause 11 of the 2009 terms is worded differently, I consider that the like points apply to that Clause. Thus, although the first sentence of that Clause refers to "any claims [etc]" as opposed to "any third party claims", it seems to me that it is not apt to cover claims by Customer, because the first sentence is qualified by the second sentence, pursuant to which (among other things) Google is required to give Customer "full control and sole authority over the defence and settlement of such claim", and this would make no sense in respect of a claim by Customer itself.

The claim for passing off

(i) *AUL's submissions on passing off*

346. I have set out the main way in which AUL presents its case, both as to the law and on the facts, when providing an outline of the claims above.

347. In his written closing submissions at the end of the trial, Mr Hill re-iterated the argument that, although ASI initially used ASI's domain name legitimately, from the time when ASI introduced ads and (on AUL's case) began targeting the UK, there is no material difference between ASI's conduct and the conduct of the defendants in *One in a Million*, the *Elogicom* case, and, more recently, *Vertical Leisure v Poleplus* [2014] EWHC 2077 (IPEC). He submitted that:

- (1) Prior to the introduction of the ads, ASI had only used ASI's domain name in the USA. That changed once ASI started targeting the UK.
- (2) AUL's reputation and goodwill in the UK is so enormous that any realistic use in the UK of a domain name comprising just the word ARGOS will result in passing off.
- (3) In the present case, as in *One in a Million*, any defence based on the argument that ASI's domain name is not inherently deceptive should be rejected, because (a) argos.com cannot be used innocently in the UK and (b) in any event ASI never intended to use argos.com innocently in the UK – on the contrary, from the time when ads were introduced, ASI's sole intention was to take advantage of confusion on the part of AUL's customers.
- (4) Because ASI's use of ads on the non-American facing home page of ASI's website is entirely unconnected to ASI's software business, it would make no sense for ASI to avoid liability on the basis that it has a separate business in the USA. If ASI's software business had ceased trading in 2008 and it had kept displaying ads on argos.com it would plainly be liable for passing off, and there is no material difference between that position and what happened.

(ii) *ASI's submissions on passing off*

348. ASI accepts that AUL possesses goodwill, but disputes the other elements of the claim, in essence for the same reasons as it submits the trade mark claims must fail.

349. With regard to the misrepresentation element of the claim, Mr Riordan submitted that although the focus in a passing off case is the "relevant public" (i.e. AUL's customers) the standard of perspicacity to be expected of that public is at least as high as that to be expected of the average consumer. He relied on the observations of Arnold J in *Europcar* at [158]:

"It has long been the law that the correct approach is to consider whether, as Lord Cranworth LC put it in *Seixo v Provezende* (1865-66) LR 1 Ch App 192 at p 196, 'ordinary purchasers, purchasing with ordinary caution, are likely to be misled'. No claim for passing off lies if, as Foster J famously observed in *Morning Star Co-Operative Society Ltd v Express Newspapers Ltd* [1979] FSR 113 at 117, 'only a moron in a hurry would be misled'. ... Thus English passing off law requires the court to consider whether ordinary consumers who purchase with ordinary caution and who know what is fairly common to the trade are likely to be misled."

350. Mr Riordan further submitted:

- (1) The date for assessing passing off is the date when the defendant started the acts complained of (see *Cadbury Schweppes v The Pub Squash Co Pty Ltd* [1981] RPC 429, 494). In the present case, this is December 2008 (when ads were introduced).
- (2) There is no evidence of actual deception, in spite of the fact that ASI's activity complained of has been going on since 2008. In relation to a period of many years, ASI has found only four instances of customers of AUL who have sent emails to ASI by mistake in relation to goods sold or offered by AUL. Those customers fall within the epithet of Foster J cited above, and their misguided approach to ASI's website is not representative of the relevant public. Although actual deception is not essential, its absence over such a lengthy period reinforces the conclusion that deception is neither likely nor substantial: given ASI's trade as an online retailer in the USA, one would have expected such deception to surface in writing (see *Samuel Smith*, Arnold J at [95] - inviting consideration in the Article 9(1)(b) context of "what opportunity there has been for confusion to occur and ... be detected").
- (3) AUL adduced no evidence that any customers have purchased any goods or services from ASI while thinking that ASI was AUL. The 4 email chains discussed above do not suffice in this context, not least because in 1 instance they relate to goods that were offered to the customer by mistake, and in the other 3 instances they relate to goods already purchased from AUL (or, perhaps, in one case, Amazon). There can be no passing off arising from a statement which only came to the purchaser's attention after the time of purchase (see *Bostik Ltd v Sellotape GB Ltd* [1994] RPC 556, Blackburne J at 563-4 - where the colour of the defendant's variant of Blu-tack was only apparent after purchasing and opening the goods and so could not be confused at the point of sale).
- (4) At its highest, AUL's case on passing off is essentially one of "initial interest deception" – based on the notion that visitors come to ASI's website believing it is the website of AUL, although they soon realise their mistake and leave. However, the fact that there is a mistake is not sufficient (see *HFC Bank plc v Midland Bank plc* [2000] FSR 176, 200–1 (Lloyd J)), and a short-lived mistake causes no damage to goodwill and is not actionable in any event (see *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] 1 WLR 193 (PC), 205 (Lord Scarman)). As Arden LJ observed in *Woolley v Ultimate Products Ltd* [2012] EWCA Civ 1038, at [4]:

“The misrepresentation must be more than transitory: it is not sufficient that a purchaser is misled initially but his misunderstanding is dispelled before any material step is taken.”

- (5) There is no evidence that ASI's website – with or without advertising – is likely to lead the relevant public (or any substantial proportion of it) to believe that it is AUL's website or is connected with AUL. In fact, the evidence points in the opposite direction. The evidence relied upon by ASI to show lack of adverse effect also demonstrates the lack of any misrepresentation: despite the vast numbers of visitors to ASI's website, those from the UK very quickly realise it is not AUL's website and has no connection with AUL. They are not deceived as to the identity of ASI or the origin of its services. The ads make no difference to this realisation at all since visitor behaviour is essentially unchanged after their removal.
- (6) ASI's evidence is that no customer of AUL (or any other European visitor to the website) has ever purchased anything via the website, and indeed are prevented from doing so. Accordingly, there is no likelihood of any deception in the future.

351. Turning from misrepresentation to damage, Mr Riordan began by referring to the observation of Jacob LJ in *Phones 4U Ltd v Phone4U.co.uk Internet Ltd* [2007] RPC 5 at [19]:

“A more complete test would be whether what is said to be deception rather than mere confusion is really likely to be damaging to the claimant's goodwill or divert trade from him. I emphasise the word 'really'.”

352. Mr Riordan further pointed out that no particulars of damage are pleaded by AUL. He submitted that there is no evidence to suggest actual or likely damage, and, indeed, that the evidence suggests that AUL benefited materially from the ads it placed on argos.com.

353. Mr Riordan disputed AUL's claim that ASI's domain name is an instrument of fraud, on the following principal grounds.

354. With regard to *One in a Million*, Mr Riordan submitted as follows:

- (1) The facts are far removed from the present case. In that case, the defendants had dishonestly registered a large number of domain names corresponding to household marks. None of those domain names were being used. The defendants were notorious cyber-squatters: they had repeatedly registered in bulk obviously deceptive domain names and then held trade mark owners to ransom by threatening to sell them on to others.

- (2) Injunctions were granted by the trial judge (Mr Jonathan Sumption QC) and were upheld by the Court of Appeal on the following basis (see [1999] 1 WLR 903, Aldous LJ at 920):

“In my view there can be discerned from the cases a jurisdiction to grant injunctive relief where a defendant is equipped with or is intending to equip another with an instrument of fraud. Whether any name is an instrument of fraud will depend upon all the circumstances. A name which will, by reason of its similarity to the name of another, inherently lead to passing off is such an instrument. If it would not inherently lead to passing off, it does not follow that it is not an instrument of fraud. The court should consider the similarity of the names, the intention of the defendant, the type of trade and all the surrounding circumstances. If it be the intention of the defendant to appropriate the goodwill of another or enable others to do so, I can see no reason why the court should not infer that it will happen, even if there is a possibility that such an appropriation would not take place. If, taking all the circumstances into account the court should conclude that the name was produced to enable passing off, is adapted to be used for passing off and, if used, is likely to be fraudulently used, an injunction will be appropriate.

It follows that a court will intervene by way of injunction in passing off cases in three types of case. First, where there is passing off established or it is threatened. Second, where the defendant is a joint tortfeasor with another in passing off either actual or threatened. Third, where the defendant has equipped himself with or intends to equip another with an instrument of fraud. This third type is probably a mere *quia timet* action.”

- (3) In *One in a Million*, the misrepresentation arose in two ways: (a) by the defendants placing on the register of domain names (known as the “WHOIS register”) a statement that the domain name registrant is connected with the owner of the goodwill, thereby causing damage to its distinctive character, and (b) by creating an “instrument of deception” in the form of the domain name, since any realistic use of the domain name by anyone other than the brand owner would be deceptive.
- (4) The reasoning of *One in a Million* does not apply to a case where a foreign trader has legitimately made use of its own name in a domain name for a very lengthy period of time in order to promote its own business. In this case:
- (i) All of the information contained in the WHOIS register for the domain name is true. There is no misrepresentation arising from ASI representing itself as ASI, an American company which has owned argos.com since 1991.

- (ii) ASI's domain name cannot be considered an instrument of deception. It plainly will not inherently lead to passing off, because it has lawful uses: unlike *One in a Million*, the evidence here demonstrates that there are numerous traders called "ARGOS" around the world. Any of those traders can lawfully and legitimately use the domain name argos.com to refer to their own trade online.
 - (iii) Further and in any event, ASI's domain name was (i) not produced to enable passing off; (ii) is not adapted to be used for passing off and, (ii) if used, is not likely to be fraudulently used. AUL cannot begin to satisfy the three elements described by Aldous LJ. Nor is there any *quia timet* action.
- (5) The present case does not fall within any of the three categories of outlined by Aldous LJ, as examination of ASI's website readily demonstrates:
- (i) No passing off can be established (see above) and none is threatened.
 - (ii) ASI is not said to be a joint tortfeasor with anyone else.
 - (iii) ASI has neither equipped himself nor intends to equip another with an instrument of fraud (see above).
- (6) Properly understood, *One in a Million* is not authority for either of the following propositions: (a) that mere registration of a .com domain name which is or is capable of being used lawfully is passing off, or (b) that a domain name which is capable of being used deceptively as well as truthfully is an instrument of fraud. If and insofar as AUL seeks to argue the contrary, however, ASI reserves the right to argue that the case was wrongly decided.

(iii) *Discussion of the issue of passing off*

355. In my view, there is not and was not at any material time any misrepresentation by ASI to the public leading or likely to lead the public to believe that goods or services offered by ASI are the goods or services of AUL. Nor has AUL demonstrated that it has suffered, or is likely to suffer, damage by reason of any erroneous belief engendered by any misrepresentation by ASI that the source of the ASI's goods or services is the same as the source of those offered by AUL, or at all.
356. In particular, I agree with Mr Riordan that (a) there is no evidence of actual deception in the present case or of any likelihood of future deception, and the 4 emails from customers provide no support for the proposition that ordinary

consumers, acting with ordinary caution, are likely to be misled, (b) there is no evidence that any one has ever purchased any goods or services from ASI (including, for the avoidance of doubt, any services constituting or connected with advertising services) thinking that ASI was AUL or that there is any risk that anyone may do so in the future, (c) if and to the extent that visitors are drawn to ASI's website because they are deceived into thinking that it is AUL's website or is in some way connected to AUL, there is no evidence that they are misled for long enough to take any material step or so as to cause any damage to AUL's goodwill, and (d) there is no evidence that ASI's website itself, with or without ads, has led or is in future likely to lead the relevant public or any substantial proportion of it to believe that it is AUL's website or that it is in some way connected to AUL.

357. For these reasons and in all the other circumstances detailed above, I do not accept that argos.com is inherently deceptive or that its use by ASI (without or without ads) will inevitably lead to passing off, whether in light of the enormity of AUL's goodwill and reputation in the UK or because of the confusion of UK consumers in guessing or supposing that argos.com is the domain name of AUL's website.

358. I also do not accept that argos.com is an instrument of fraud. In my view, there are significant points of difference between the facts of the present case and cases such as *One in a Million* and the *Elogicom* case, as discussed above with regard to *Elogicom* in particular and as submitted by Mr Riordan with regard to *One in a Million* in particular. It is true that the mistakes of UK consumers, which ASI did nothing culpable to create or foster, have led them to visit ASI's website in error, as much when ads were displayed there as when they were not, and that ASI took advantage of those mistakes in the sense that in light of those mistakes it was able to generate more revenue by displaying lawful ads on its website than it would otherwise have done. That advantage was not a product of anything wrongful done by ASI, and thus, in my judgment, was not unfair, let alone the product of fraud.

359. In these circumstances, AUL's claim for passing off must be rejected.

Remedies

360. In light of the rulings above, the issue of remedies on the claim does not arise. So far as concerns the counterclaim, ASI seeks declarations of non-infringement, and Mr Riordan made detailed written submissions in support of ASI's case in that regard. However, Mr Hill submitted in opening that discussion of appropriate remedies should await the Court's conclusions on liability. I agree with him that such issues are best addressed after this judgment has been handed down.

Conclusion

361. In summary, I hold that:

- (1) AUL consented to ASI's use of the sign ARGOS in the domain name argos.com, together with and in the context of ASI also displaying AUL's advertisements on ASI's website, and AUL is unable to rely upon that use as the basis of any claims that AUL might otherwise have against ASI.
- (2) Neither the whole nor any sufficient part of ASI's website was targeted at the UK, and accordingly ASI did not use the sign ARGOS within the UK.
- (3) ASI did not use the sign ARGOS in relation to goods or services which are identical to those for which AUL's marks are registered.
- (4) ASI's use of the sign ARGOS does not affect and is not liable to affect any of the functions of AUL's marks.
- (5) ASI's use of the sign ARGOS does not give rise to a link between the sign and AUL's marks in the mind of the average consumer.
- (6) ASI's use of the sign ARGOS does not give rise to (a) detriment to the distinctive character of AUL's marks, or (b) detriment to the repute of AUL's marks, or (c) unfair advantage being taken of the distinctive character or the repute of AUL's marks.
- (7) ASI's use of the sign ARGOS was not without due cause.
- (8) ASI's use of the sign ARGOS was (a) of ASI's own name and (b) in accordance with honest practices in commercial matters.
- (9) Accordingly, ASI's claims for infringement of trade mark fail.
- (10) ASI's claims for indemnity pursuant to the Google AdWords terms fail.
- (11) Although AUL has goodwill, AUL has not established a material misrepresentation to the public, or damage or the likelihood of damage, or that ASI's domain name is an instrument of fraud.
- (12) Accordingly, AUL's claim for passing off also fails.

362. I ask Counsel to agree an order which reflects these rulings, and, if and to the extent that they are able to agree this, the remedies that the Court should be invited to order pursuant to ASI's counterclaim. I will hear submissions on any points which remain in dispute, and on any other issues such as costs and permission to appeal, either when judgment is handed down, or at some other convenient date.