



Neutral Citation Number: [2021] EWCA Civ 425

Case No: A3/2020/115

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE BUSINESS AND PROPERTY COURT, INTELLECTUAL
PROPERTY ENTERPRISE COURT

Her Honour Judge Melissa Clarke
[2020] EWHC 1678 (IPEC)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 24 March 2021

Before :

LORD JUSTICE LEWISON
LORD JUSTICE BEAN
and
LORD JUSTICE ARNOLD

Between :

(1) UK GYMNASTICS LIMITED **Appellants**
(2) UK GYMNASTICS AFFILIATION LIMITED
(3) CHRISTOPHER ADAMS
- and -
BRITISH AMATEUR GYMNASTICS ASSOCIATION **Respondent**

Mark Anderson QC and Steven Reed (instructed by **Moore & Tibbits**) for the **Appellants**
Victoria Jones (instructed by **Howard Kennedy LLP**) for the **Respondent**

Hearing date : 16 March 2021

Approved Judgment

Covid-19 Protocol: This judgment was handed down remotely by circulation to the parties' representatives by email, release to BAILII and publication on the Courts and Tribunals Judiciary website. The date and time for hand-down is deemed to be at 10:30am on 24 March 2021

Lord Justice Arnold:

Introduction

1. The Claimant (“BAGA”) is a company limited by guarantee which was incorporated in 1982 as the successor to a body that was founded in 1888 as the Amateur Gymnastic and Fencing Association and was renamed in 1963 as the British Amateur Gymnastics Association. BAGA is recognised by the Sports Councils (UK Sport, sportscotland, Sport England, Sport Wales and Sport Northern Ireland), by the European Union of Gymnastics and the Federation of International Gymnastics as a national governing body (“NGB”) for the sport of gymnastics in the UK, and it is the only NGB which is so recognised. Since 1997 BAGA has traded as “British Gymnastics”. It is common ground that BAGA has built up substantial goodwill in that designation.
2. BAGA is the proprietor of two UK registered trade marks (“the Trade Marks”), each of which is a series of two marks and the details of which are set out below.

No	TRADE MARK	FILING DATE	GOODS/SERVICES
1	UK00003226097  	20.04.17	Class 9 Digital photographs; Video recordings. Class 16 Photographs. Class 25 Clothing. Class 28 Gymnastics and Sporting Articles. Class 35 Business administration; Office functions. Class 41 Education; providing of training;
			Entertainment; Sporting activities.
2	UK00003281771  	10.01.18	Class 9 Digital photographs; Video recordings. Class 16 Photographs. Class 25 Clothing. Class 28 Gymnastics and Sporting Articles. Class 35 Business administration; Office functions. Class 41 Education; providing of training; Entertainment; Sporting activities.

3. The First Defendant (“UKG”) is a company incorporated in 2000. The Second Defendant (“UKGA”) is a company incorporated in 2017. The Third Defendant, Christopher Adams, is the sole director and secretary of UKG and an equal shareholder with his father. He is also the sole director of UKGA.

4. Since about 2012/13, UKG and UKGA have advertised, offered and provided membership services to individual gymnasts, gymnastics clubs and coaches; competitions; courses and/or badge/certificate programmes; and educational services to coaches and gymnasts (“the UKG Services”), under and by reference to the words “UK Gymnastics” (“the Word Sign”) and the two logos incorporating those words (“the Logo Signs”) shown below (collectively, “the Signs”).



5. BAGA contends that UKG and UKGA have thereby infringed the Trade Marks and committed passing off. The Defendants deny infringement and passing off, but admit joint liability for any acts of infringement or passing off. It is therefore not necessary to go into the division of labour between UKG and UKGA, and for convenience I will just refer to UKG. There is no challenge to the validity of the Trade Marks.
6. HHJ Melissa Clarke sitting in the Intellectual Property Enterprise Court held that UKG had infringed the Trade Marks and committed passing off for the reasons given in her judgment dated 26 June 2020 [2020] EWHC 1678 (IPEC).
7. The Defendants now appeal on six grounds with permission granted by myself. Although the judge adopted the common practice in cases involving parallel claims for trade mark infringement and passing off of considering BAGA’s claim for trade mark infringement first, devoting most of her judgment to it, and only dealt with passing off briefly at the end of the judgment, the Defendants’ grounds of appeal addressed the issues in reverse order and that was how counsel argued the appeal. I shall follow their example.

Passing off

Ground 1

8. BAGA alleged in its Particulars of Claim that it was the sole NGB for the sport of gymnastics in the UK (not just that it was the sole *recognised* NGB). The Defendants denied this in their Defence and alleged that UKG was also an NGB for the sport of gymnastics in the UK.
9. BAGA elaborated on its contention at length in its Reply, but in essence it relied upon the Sports Councils’ Recognition Policy 2017 (“the Policy”). The key paragraphs of the Policy state:
 - “1. Recognition is a process ... which
 - (a) Determine(s) the National Governing Bodies responsible for governing the sporting activities that the Sports Councils are willing to consider supporting and working with.

- (b) Acknowledges the status of the NGB as a private organisation which governs a particular sport through the common consent of the sport itself.
6. An NGB is an organisation that governs and administers the sport on a national basis, whether that is for the whole of the United Kingdom (i.e. England, Northern Ireland, Scotland and Wales), for Great Britain or for one of the Home Countries individually. ... Traditionally, NGBs are described as the custodians and guardians of their sport.
11. Many NGBs originated as a voluntary coming together of sports people (individuals, teams and clubs) with a common purpose; to encourage and enable participants to enjoy and progress in their chosen sport. They evolved into membership organisations and individuals often became members to enable them to compete in their sport and be covered by insurance.
12. ... Recognition itself does not bestow any official powers on an NGB to govern its sport – its governance should already be in place; recognition is acknowledging the role played by the organisation.
13. NGBs can exist and operate without being recognised ...”
10. BAGA contended that UKG was not an NGB because (i) it did not carry out the functions of a governing body, (ii) there was no common consent for it to govern or administer the sport and (iii) to the extent that UKG governed and administered the sport, it did not do so for the UK.
11. The Defendants elaborated on their contention at length in a Rejoinder. The Defendants admitted that BAGA was the only *recognised* NGB for the sport of gymnastics in the UK, but maintained that UKG was an NGB. The Defendants pleaded in paragraph 6.4:
- “... if individuals taking part in gymnastics and their respective clubs are willing and desirous of being governed by or affiliated to a private organisation in accordance with that organisation’s rules then, by virtue of that desire and willingness, the private organisation is a governing body for the sport of gymnastics. Further, if such individuals are their respective clubs are situated across, for example, England ... then the ‘governing body’ would be a ‘national governing body’ ...”.
12. The Defendants contended that this “definition” was supported by paragraph 11 of the Policy and that UKG complied with it.
13. Having considered the Policy and various other strands of evidence, the judge found as a fact that UKG was not an NGB for the sport of gymnastics in the UK. The major part of her reasoning is to be found in [90]:

“The difficulty with this submission [sc. the Defendants’ submission] is that until very recently, and perhaps prompted by this litigation, there were no rules governing membership of the First Defendant: nothing to tell members what they were getting for their money and what their rights and responsibilities were. Looking at the definition in the Sports Council Recognition Policy 2017, there is, in my judgment, no real evidence of governance of the sport of gymnastics by the First Defendant anywhere, let alone throughout the UK, and no real evidence that the First Defendant is either a custodian or guardian of the sport of gymnastics. I have gone into quite extensive detail about the level and type of governance and stewardship evidenced by the Claimant, as in my judgement it puts into sharp relief the lack of similar processes and procedures by the First Defendant. Neither it nor the Second Defendant have objects of association that one would expect to see in a governing body. There is no transparency in the governance structure, no strength and depth in the board of directors. There is no quality assurance, no external audit or oversight or endorsement in the proficiency awards or coaching certifications that it sells. There are no defined disciplinary procedures. There is no evidence that it seeks to develop or improve the sport or its safety. There are only two employees, and Mr Wise, who is responsible for drafting policies for approval and implementation by the Board, admits he has no experience of doing so. The majority of the policies he has produced are of the type that are found in any organisation, particularly those working with children. The First Defendant has no connection or liaison or relationship with the Sports Councils, other NGBs or international gymnastics organisations. The First Defendant’s talent pathway stops when, as Mr Adams states in evidence, gymnasts become ‘too good’ for the First Defendant - when they then have to join the Claimant in order to compete at the top levels, including internationally. This is not conducive to a finding that the First Defendant is an NGB.”

14. The Defendants challenge this finding. Recognising the difficulty of challenging a finding of fact in this Court, counsel for the Defendants argued that the judge’s assessment was flawed for three main reasons: (i) the judge had failed to decide whether the definition of an NGB relied upon by BAGA or that relied upon by the Defendants was correct, or indeed to provide any definition of a NGB against which to test UKG’s compliance; (ii) the judge had fallen into the trap of reasoning that, because UKG did not share the attributes of BAGA, it was not an NGB, when that did not follow; and (iii) the judge had wrongly equated being an NGB with recognition as an NGB.
15. I do not accept these submissions. So far as the first is concerned, it is true that the judge did not explicitly decide whether BAGA’s definition or the Defendants’ definition or some other definition was correct. But she did not need to do so, because

the essence of her reasoning was that UKG did not even comply with the Defendants' own definition. When she referred to "this submission" at the beginning of [90], she was referring to the submission she had set out at the end of [89], which recited verbatim the definition set out in paragraph 6.4 of the Rejoinder. Furthermore, reading her judgment as a whole, it is reasonably plain that she preferred BAGA's definition, that is to say, the definition contained in the paragraphs of the Policy quoted above.

16. As for the second submission, it is true that the judge to some extent compared UKG to BAGA, but I do not accept that she fell into the trap that counsel contended. She simply noted that, as she put it, the governance and stewardship evidenced by BAGA "put into sharp relief" the lack of similar processes and procedures on the part of UKG. She went on in [91] expressly to accept that "a newly fledged, unrecognised NGB" "cannot be expected to have processes and procedures in place comparable to those of" BAGA, but said that she was not satisfied that UKG "fulfils the functions even of a young, cash-poor NGB".
17. Nor did the judge make the third mistake attributed to her. She quoted at length from the Policy, and distinguished in her reasoning between being an NGB and being recognised as such.
18. More generally, the judge's finding was one that was clearly open to her on the evidence. Indeed, as counsel for BAGA pointed out, the judge's finding is not a surprising one given that (as the judge recorded at [22]) Mr Adams himself initially admitted that "we are not a national governing body" in cross-examination, before asserting that UKG was an NGB.

Ground 2

19. In paragraph 39 of its Particulars of Claim BAGA alleged passing off by UKG in three ways. It pleaded that the acts complained of had led or were likely to lead:

"a substantial number of members of the relevant public or trade in the UK to believe, contrary to the fact that (i) the Defendants and/or the UKG Services are those of or otherwise the subject of some commercial arrangement with the Claimant, and/or (ii) the Defendants and/or the UKG Services are connected with the Claimant in such a way as to cause damage to its goodwill and/or (iii) that the Defendants and/or UKG Services have a particular status conferred upon them by the Claimant."
20. The judge set out the issues she had to decide at [10]. In relation to passing off, she identified the issues in a manner which the Defendants accept was accurate, reciting the words I have quoted verbatim except that the words "a particular status" were replaced by "the status of a National Governing Body". (This formulation of the third allegation derived from a case management order made by HHJ Hacon which identified the issues to be decided at trial in a schedule.)
21. As counsel for the Defendants pointed out, however, when the judge came to determine the issues on passing off, she set out the issues again in the heading to

[149], but this time omitting the words “by the Claimant”. That in itself could easily be a typographical error of no significance, but the judge reasoned in [149] as follows:

“I will deal with this very shortly. It is beyond dispute that the Defendants have used the Signs and UKG Get-up in conjunction with statements, on Ds’ Website, representing that it is an NGB for the sport of gymnastics in the UK, as the screenshots in the trial bundle evidence. I have found that it is not and so this is a misrepresentation. I have found, in my discussion of section 10(2) and 10(3) infringement of the Trade Marks, that the Defendants’ use of the Signs is likely to lead the relevant public to believe there is a link or connection with the Claimant, and that the Claimant is likely to suffer damage to its goodwill as a result.”

On this basis, she held that the claim for passing off succeeded in all three ways.

22. The Defendants contend that the judge fell into error so far as the third way of putting the case was concerned. It was not BAGA’s pleaded case that it was passing off actionable at the suit of BAGA for UKG to misrepresent that it was an NGB for the sport of gymnastics in the UK contrary to the fact. Rather, BAGA’s case was that UKG was guilty of a misrepresentation that that status had been *conferred upon it by BAGA*. The judge did not consider whether UKG had made that misrepresentation, still less give any reasons for concluding that it had. Thus the judge decided the wrong issue and found UKG liable for passing off on the wrong basis.
23. Counsel for BAGA’s principal answer to this ground of appeal was to contend by way of Respondent’s notice that, by misrepresenting that it was an NGB for the sport of gymnastics in the UK, UKG was misrepresenting that it had had such status conferred upon by it by BAGA. On its face this is a *non sequitur*, however, and we were shown no evidence that would support such a conclusion.
24. Counsel for BAGA also faintly suggested that the judge’s reasoning amounted to a conclusion that BAGA had a claim for extended passing off as a member of the class of NGBs for misuse of that description, relying upon the principle recognised in *Military Mutual Ltd v Police Mutual Assurance Society Ltd* [2018] EWHC 1575 (IPEC), [2018] ETMR 33 at [67]. That is not how the judge analysed the matter, however. This is not surprising, since no such claim was pleaded by BAGA. It is therefore unnecessary to consider whether such a claim is legally possible, nor whether it was made out on the evidence.
25. Accordingly, I conclude that the judge was in error in so far as she found BAGA’s third claim for passing off established. (That does not detract from her conclusions in respect of the first and second claims. As counsel for the Defendants submitted, however, those conclusions would need to be reconsidered if the appeal against the finding of trade mark infringement succeeded, since the judge relied upon the same reasoning.)

Ground 3

26. The Defendants' third ground of appeal is closely related to the second ground. The judge granted an injunction against the Defendants, paragraph 2(c) of which restrained the Defendants from doing the following acts (emphasis added):

“otherwise pass off any business or goods or services as being the business or goods or services of the Claimant or otherwise associated or connected with the Claimant or otherwise the subject of some commercial arrangement involving the Claimant *or otherwise denoting some form of official or approved status upon the Defendants or otherwise asserting to be a National Governing Body contrary to fact*”.

27. The Defendants contend that the last two parts of this injunction should be set aside for a number of reasons. First and most fundamentally, these parts of the injunction extend beyond BAGA's pleaded case for the reasons given in relation to ground 2. Secondly, the wording is ungrammatical and unclear, contrary to the well-established principle that injunctions must be clear as to what the Defendants can and cannot do. Thirdly, in absence of any definition of an NGB, the scope of the last part of the injunction is uncertain.
28. Counsel for BAGA had no real answer to these points, all of which are valid in my judgment. Accordingly, those parts of the injunction must be set aside.

Trade mark infringement

29. BAGA advanced its claim for trade mark infringement under section 10(2) alternatively section 10(3) of the Trade Marks Act 1994. The judge upheld both claims. There was no dispute either before the judge or this Court as to the applicable legal principles, and given the narrow issues on the appeal it is not necessary to set them out.

30. The judge summarised her assessment of the section 10(2) claim as follows:

“132. I have found identity or a high degree of similarity in the UKG Services to the services identified in Class 41 and Class 28 respectively, and that the Word Sign has a medium degree of similarity to the Trade Marks, but the [Logo] Signs have a low degree of similarity. I remind myself (per *Specsavers*) that a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods or services; that there is a greater likelihood of confusion where the earlier mark has a highly distinctive character as is accepted by the Defendant in this case; and that the average consumer rarely makes direct comparisons and must rely upon the imperfect picture of the marks that he has kept in his mind.

133. I also bear in mind the warnings in *Specsavers* at paragraph 85(i), (j) and (k) that mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient, and that the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; I must be satisfied that such an association causes the public wrongly to believe that the Claimant's Services

and the UKG Services come from the same or economically linked undertakings to find a likelihood of confusion. **Taking all of the circumstances into account, and on balance, I am satisfied that there is a likelihood of confusion such that those who are paying a lower degree of attention, including child gymnasts, their parents, and spectators at sporting events who see the Word Sign and the [Logo] Signs will mistakenly take them for that of the only NGB for the sport of gymnastics in the UK, i.e. the Claimant, because ‘there is only one body’.**”

31. Given that this decision involved a multifactorial evaluative assessment, the Defendants must show that the judge made an error of principle in arriving at her conclusion. The Defendants rely upon two grounds of appeal in this respect.

Ground 4

32. The Defendants contend that the judgment is inconsistent with respect to the assessment of similarity between the Trade Mark and the Word Sign on the one hand and the Logo Signs on the other, and that the judge ought to have reached the same conclusion in respect of all the Signs, namely that there was a low degree of similarity.

33. At [116] the judge found that “the real difference” between the Word Sign and the Trade Marks was “the use of ‘UK’ rather than ‘British’”. She accepted that that they were “visually and aurally very different” giving a low level of similarity. She considered, however, that the conceptual similarity was “strong”. Overall, she concluded at [117] that there was “a medium degree of similarity” between the Trade Marks and the Word Sign.

34. At [120] she said that “visually I do not consider that the [Logo] Signs and the Trade Marks are very similar”. At [121] she said:

“Aurally, the comparison is the same as for the Word Sign, i.e. not very similar. Conceptually, I do not consider that the Union Jack elements materially increase the conceptual similarity with the Trade Marks, which I have already found to be strong.”

35. At [122] she said:

“Taking a global view, then, I find that the Word Sign has a medium degree of similarity to the Trade Marks and the Signs (other than the Word Sign) have a low degree of similarity to the Trade Marks, although the similarity is slightly greater in the coloured version in the series of each Trade Mark.”

36. Counsel for the Defendants argued that judge’s assessment was flawed because, despite finding a low degree of similarity visually and aurally and a strong degree of similarity conceptually in relation to both the Word Sign and the Logo Signs, she reached two different conclusions, namely medium degree of similarity in respect of the Word Sign and low degree of similarity in respect of the Logo Signs. Logically, the finding should have been the same for both the Word Sign and the Logo Signs.

37. I do not accept this argument. Reading the relevant passage of the judgment as a whole, I think it is reasonably clear why the judge considered that there was a difference between the Word Signs and Logo Signs which meant that the latter were less similar than the former to the Trade Marks. This is that the Logo Signs included visual elements which were not present in the Word Sign, namely typography (block capitals and in one case the letters “UK” being more prominent) and, in particular, the flag elements. In those circumstances I consider that it was open to the judge without erring in principle to make a differential assessment of the level of similarity.
38. I would add that it would not, without more, assist the Defendants to establish that all of the Signs should have been assessed as having a low degree of similarity to the Trade Marks, since the judge found that there was a likelihood of confusion even where the similarity of the Signs was low.

Ground 5

39. The Defendants contend that the judge was wrong to find that there was a likelihood of confusion even in the case of the Word Sign, let alone the Logo Signs. Although framed as a single ground of appeal, the Defendants argue that the judge made three distinct errors in this respect.
40. First, the Defendants argue that the judge’s conclusion is contradicted by her finding at [61]-[64] that BAGA had only proved one instance of actual confusion and her acceptance at [129] that the Defendants were not aware of any instances of actual confusion. Counsel for the Defendants submitted that the one instance the judge found proved was not actually an instance of relevant confusion, since it involved an employee of Serco, which runs Lilleshall National Gymnastics Centre, but I disagree.
41. More importantly, he submitted that one instance was not probative given that UKG had been operating in parallel with BAGA since 2012/13. I do not accept this submission. As the judge correctly directed herself at [127], it is not necessary for the court to find actual confusion in order for a likelihood of confusion to be established. The Defendants pointed out to her that the absence of evidence of confusion becomes more significant the longer the period of parallel trade, relying upon *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch), [2013] FSR 35 at [167]. As counsel for BAGA pointed out, however, it is relevant to consider what opportunity there has been for confusion to occur and what opportunity there has been for any such confusion to be detected: see *Samuel Smith Old Brewery (Tadcaster) v Lee* [2011] EWHC 1879 (Ch), [2012] FSR 7 at [95]. The judge at [130] accepted BAGA’s submission that the small scale of UKG’s operations (compared with that of BAGA) meant that it was very possible that instances of confusion had been “masked” or not brought to BAGA’s attention. Thus the judge made no error in her approach.
42. Secondly, the Defendants argue that the judge failed to consider the matter from the perspective of the average consumer, who is deemed to be reasonably well informed and reasonably circumspect. This is a hopeless argument, since the judge expressly directed herself in those terms at [93]. It is true that, as counsel for the Defendants pointed out, she went on at [124] to assess the level of attention which would be paid by different types of average consumer as varying, because children (i.e. competitors) and spectators at sporting events were likely to pay a low degree of attention whereas coaches, owners of sports clubs and NGBs or federations would pay a high degree of

attention. In making that assessment, the judge was undertaking precisely the task that the authorities required her to do. There was no error in her approach. On the contrary, she would have been in error had she not considered the level(s) of attention that would be paid.

43. Thirdly, the Defendants contend that the judge was wrong to accept BAGA's argument which she recorded at [124] in the following terms:

“Ms Jones submits for the Claimant that a relevant factor in this case is that the Claimant has effectively had a monopoly as the sole NGB for gymnastics in the UK for many years, and it is therefore possible that little attention will be paid when purchasing or using the relevant services on account of an assumption by the average consumer that ‘there is only one body’.”

44. Counsel for the Defendants submitted that this argument was illegitimate, but that is incorrect: see *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341 (a passing off case, but trade mark law is no different in this respect).
45. Given that I have concluded that grounds 4 and 5 are not made out, it is not necessary to consider ground 6, which concerns the judge's alternative conclusion in relation to section 10(3).

Conclusion

46. For the reasons given above, I would allow the appeal against the judge's conclusion that BAGA's third claim of passing off succeeded and discharge the parts of the injunction indicated above. Otherwise, I would dismiss the appeal.

Lord Justice Bean:

47. I agree.

Lord Justice Lewison:

48. I also agree.