

Dream Pairs in Dream Land

Post-sale confusion can be a basis for infringement....but not on the facts of this case

24 June 2025



The Supreme Court Decision

This case involves an allegation of trade mark infringement by Iconix Luxembourg Holdings SARL (“**Iconix**”), the owner of the well-known sportswear brand UMBRO and the registered proprietor of the two trade marks in the UMBRO logo including, of most relevance to this case, the mark below (the “**668 Mark**”):



Iconix had alleged that the sale by Dream Pairs Europe Inc and Top Glory Trading Group Inc (together “**Dream Pairs**”) of a variety of footwear under the ‘Dream Pairs’ brand which used the sign (the “**DP Sign**”, shown below along side an example of footwear bearing the DP Sign) amounted to infringement both under section 10(2) and 10(3) of the Trade Marks Act 1994.



Iconix’s claim came to trial before Miles J in March 2023 and was dismissed ([2023] EWHC 706 (Ch); [2023] RPC 15), with the trial judge finding that there was no infringement by Dream Pairs. In particular, the trial judge decided that there was at most only a very faint degree of similarity between the 668 Mark and the DP Sign and there was no likelihood of confusion whether at the point of sale or post-sale context.

Iconix appealed against the s.10(2) finding only. The appeal was upheld by the Court of Appeal in a judgment delivered on 26 January 2024 ([2024] EWCA Civ 29; [2024] RPC 10). The CoA held that:

- The trial judge’s conclusion that there was a very low degree of similarity between the 668 Mark and the DP Sign was irrational when one considered the DP Sign affixed to footwear from any angle other than square-on;
- The trial judge had erred in principle by being unduly swayed by a side-by-side comparison of the 668 Mark and the DP Sign, particularly looking at their graphic images rather than when affixed to footwear, for the purpose of assessing post-sale confusion;
- That the judge had erred in principle by failing to appreciate that, in the post-sale context, the average consumer would see the DP Sign from an angle, and in particular from above, rather than sideways-on, as when viewed at the point of sale.

These errors, according to the Court of Appeal, allowed it to re-evaluate the assessment anew. The Court of Appeal promptly concluded that there was a moderately high degree of similarity between the 668 Mark and the DP Sign when the DP Sign was viewed at an angle from above on a pair of shoes worn by someone else (i.e. in the post-sale context) and there was a likelihood of confusion as a result.

Dream Pairs appealed to the Supreme Court (i) challenging the Court of Appeal's conclusions that the trial judge had reached an irrational conclusion and made error of law or principle sufficient to entitle the Court of Appeal to make the infringement assessment afresh; and (ii) arguing that the Court of Appeal's own approach in that assessment involved two significant errors of law: the first relating to the mark/sign similarity assessment, and the second relating to the role of post sale-confusion.

The Supreme Court (Lords Briggs, Stephens, Hodge, Hamblen & Rose) heard the appeal on 14-15 March 2025, with judgment ([2025] UKSC 25) handed down on 24 June 2025.

The Supreme Court judgment

The SC started by reiterating the correct approach to the analysis required for infringement under s.10(2)(b).

In order to establish infringement under section 10(2)(b) of the Act, six conditions must be satisfied: (i) there must be use of a sign by a third party within the UK; (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 at least similar to the trade mark; (v) it must be in relation to goods or services which are at least similar to those for which the trade mark is registered; and (vi) it must give rise to a likelihood of confusion on the part of the public. The SC noted that in this case, the dispute relates to condition (iv) as to similarity of the 668 Mark to the DP Sign and condition (vi) as to likelihood of confusion on the part of the public.

The UKSC outlined the following stepwise approach to the analysis:

- 1 The first step requires the identification of the sign used by the defendant and a determination of the goods or services (if any) in relation to which the defendant is using it.
- 2 The second step is assessing the similarity of the mark and sign, and requires a global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components.
- 3 Then, if the threshold of (even faint) similarity is passed, the court should go on to conduct a global assessment (judged through the eyes of the average consumer of the goods or services in question) of whether there exists a likelihood of confusion on the part of the public. The extent of similarity (from the second step) will feed into this global assessment. The SC then referred to the standard summary of principles applicable to the global assessment of likelihood of confusion, as set out by Arnold LJ in *Match Group LLC v Muzmatch Ltd* [2023] EWCA Civ 454; [2023] Bus LR 1097, para 27. With regard to the context in which the sign was used, Kitchin LJ in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24; [2012] FSR 19. Kitchin LJ, at para 87, confirmed that when “*assessing the likelihood of confusion arising from the use of a sign the court must consider the matter from the perspective of the average consumer of the goods or services in question and must take into account all the circumstances of that use that are likely to operate in that average consumer’s mind in considering the sign and the impression it is likely to make on him. The sign is not to be considered stripped of its context.*”

The Similarity Issue

The first issue which arose on this appeal was whether, at the stage of assessing whether the mark and sign are similar (i.e. the second step above), the court should:

- 1 only consider whether the intrinsic features of the sign when assessing the degree of similarity between the mark and then sign; or
- 2 also take into account extraneous circumstances, such as how the goods bearing the sign are marketed or subsequently perceived, including any realistic and representative viewing angles in the post-sale environment.

Dream Pairs argued that the Court of Appeal had erred when it arrived at an assessment of a moderately high level of similarity between mark and sign because that assessment was based on the view of an onlooker in the post-sale environment when the sign was viewed from head height, looking down at the feet of another person wearing the footwear, so that the sign appeared foreshortened. Dream Pairs argued,

relying on *Equivalenza*¹, that this perception of the sign when seen from this viewpoint could be taken into account during the global assessment of LoC stage, but not at the similarity of mark/sign stage.

Distinguishing *Equivalenza*, the SC however held that “realistic and representative post-sale circumstances” can be taken into account for the purpose of establishing whether the mark and sign are similar and if so the degree of similarity.

The SC held that *Equivalenza* was authority for the proposition that at the stage of assessing similarity, it would be impermissible to consider post-sale circumstances in order to *rule out* intrinsic similarities between the mark and sign. However, the UKSC did not regard *Equivalenza* as prohibiting post-sale circumstances from being relevant to *establish* similarities between the mark and sign. Furthermore, the SC held that the similarity comparison had to be based on the “overall impression made by those signs on the relevant public”, which therefore encompassed how the sign would be perceived in a realistic and representative post-sale environments.

The Confusion Issue

Dream Pairs argued confusion in the post-sale context should not be actionable under section 10(2)(b) unless it involves confusion so as to affect or jeopardise the essential function of a trade mark as a guarantee of origin at the point of a subsequent sale or in a subsequent transactional context. If that were the case, then the Court of Appeal erred in finding that there was actionable infringement in this case because the trial judge found that there was no likelihood of confusion at the point of sale due to contextual factors on the Amazon website (from where the products bearing the DP Signs were sold) and that any confusion as between the DP Sign and the 668 Mark that might arise outside the transactional context would be dispelled by the time of any actual or notional purchase that the average consumer might make in a transactional context.

In making this argument, Dream Pairs did not submit that post-sale confusion was irrelevant; rather that it should only form the basis for actionable infringement where the post-sale confusion jeopardises the essential function of a trade mark as a guarantee of origin at the point of a subsequent sale or in a subsequent transactional context. In other words, post-sale confusion would only be actionable where it caused damage at the point of sale or in a transactional context in the sense of influencing consumers when they make a choice with respect to the goods or services in question.

The SC started by reviewing the main authorities from both UK and EU case law which touched upon the issue of post-sale confusion. The SC regarded those authorities as supporting, or at least being consistent with, Arnold LJ’s statement in *Datacard*² that “*it is possible in an appropriate case for use of a sign to give rise to a likelihood of confusion as a result of post-sale confusion even if there is no likelihood of confusion at the point of sale*”.

The SC emphasised that CJEU authorities support the propositions, with which it agreed, that: (i) a trade mark continues to identify origin even after sale so that, in appropriate circumstances, it can give rise to infringement on the basis of a likelihood of post-sale confusion; (ii) perceptions of a sign post-sale leading to confusion as to origin are not limited to perceptions at the point of a subsequent sale or in a subsequent transactional context; and (iii) that it can be relevant to take the post-sale context into account when considering trade mark issues.

The SC further found there was no reason in principle for imposing a limitation that only post-sale confusion jeopardising the essential function of a trade mark as a guarantee of origin at the point of a subsequent sale or in a subsequent “transactional context” can amount to an actionable infringement.

Relatedly, the UKSC held that damage to the origin function of a trade mark is complete if an average consumer is confused about the origin of goods. While other damage may well arise from that origin confusion (for example, direct damage through lost sales) no such further damage is required.

¹ *European Union Intellectual Property Office v Equivalenza Manufactory SL* (Case C-328/18 P)

² *Datacard Corpn v Eagle Technologies Ltd* [2011] EWHC 244 (Pat); [2012] Bus LR 160, para 277

But was the Court of Appeal entitled to re-make the decision?

The SC noted that the assessment of trade mark infringement under section 10(2)(b) was a classic example of a multi-factorial assessment, involving the application of principles or rules of law to a finding of facts, leading to an evaluative decision of whether there is infringement.

The UKSC observed that reasonable minds each faithfully applying the relevant law and principles may come to different conclusions to multifactorial assessments, but the appellate court was rightly constrained when reviewing first instance decisions for good reasons, for the reasons explained by Lewison LJ at para 114 in *Fage UK Ltd v Chobani UK Ltd* [2014] EWCA Civ 5; [2014] FSR 29: including that “*the trial is not a dress rehearsal. It is the first and last night of the show the trial judge will have regard to the whole of the sea of evidence presented to him, whereas an appellate court will only be island hopping.*”

In *Lifestyle Equities CV v Amazon UK Services Ltd* [2024] UKSC 8; [2024] Bus LR 532 this court reviewed those constraints in a trade mark context, holding that “*That does not, however, mean the appeal court is powerless to intervene where the judge has fallen into error in arriving at an evaluative decision... It may be possible to establish that the judge was plainly wrong or that there has been a significant error of principle;....on a challenge to an evaluative decision of a first instance judge, the appeal court does not carry out the balancing exercise afresh but must ask whether the decision of the judge was wrong by reason of an identifiable flaw in the judge's treatment of the question to be decided, such as a gap in logic, a lack of consistency, or a failure to take into account some material factor, which undermines the cogency of the conclusion..... it is equally clear that, for the decision to be ‘wrong’ under CPR r 52.21(3), it is not enough to show, without more, that the appellate court might have arrived at a different evaluation.*”

Against this backdrop, the UKSC then went on to review in detail each of the trial judge's findings which formed part of multi-factorial assessment and his conclusions which were there was no more than a “very faint” similarity between the mark and sign and on a global assessment there was no likelihood of confusion, whether at the point of sale or post-sale.

The basis on which the CoA felt entitled to re-evaluate the multi-factorial assessment for itself was that it considered the judge's assessment of only very faint similarity between the DP Sign and the 668 Mark when the footwear was viewed from angles other than square-on was irrational – i.e. that no reasonable judge could have reached this decision. The COA considered that, viewed post-sale when the boot was being worn and seen by an onlooker looking down, the DP Sign on the side of the boot would be foreshortened so as to look more like the flattened diamond 668 Mark, and so more than very faintly similar.

However, the UKSC noted that the trial judge had, when dealing with similarity, dealt carefully with, and rejected, the submissions about viewing the DP Sign from different angles, and the potential for the perspective of the DP Sign thereby to be foreshortened. The UKSC considered his conclusion on this issue was by no means irrational, even if another judge may have reached a different conclusion.

The CoA then found that the judge had erred by falling into the common trap of allowing his eye to be conditioned by the side-by-side comparison of the mark and sign and thus failing to consider the impact of the DP Sign properly in the post-sale context. However, the UKSC, after reviewing the trial judge's reasoning, held that the trial judge had not made this error. The UKSC found that the reason why the Court of Appeal thought he had was the same as their reason for finding irrationality, namely their own firm contrary view about similarity.

The CoA found that the trial judge had erred by failing to take into account the key aspect of the post-sale context, namely the likelihood that a consumer in a post sale environment would view the DP Sign on the side of a boot in actual use from above, and at an acute angle. The UKSC however found that the trial judge had give careful consideration to the post-sale context, and to the effect of an angled view of the DP Sign, but did not regard those considerations as detracting from his conclusion about faint similarity or unlikelihood of confusion.

The UKSC therefore allowed Dream Pairs' appeal on the basis that there was no justification for the Court of Appeal substituting their own assessment for that of the trial judge.

Remarks

The Supreme Court's judgment will be broadly welcomed by trade mark owners, but it does raise some uncertainties.

On the similarity issue, the SC has held that "realistic and representative post-sale circumstances" – such as a particular viewpoint from which a sign might be encountered - can be taken into account for the purpose of establishing whether the mark and sign are similar.

Whilst taking the context of use of a sign into account for the purposes of the global assessment of likelihood of confusion is nothing new, we may now see more arguments arising in trade mark cases about the various "real and representative circumstances" in which the sign might be perceived. A sign which might appear similar to a particular degree to a mark when viewed square on, may become much more (or less) similar when viewed at an angle, from a distance, partially obscured, scrunched up or whatever other perspective might be said to be "real and representative" one for that particular type of goods. Importantly, how the sign appears on goods in "real and representative" circumstances in the post-sale context may well be outside of the alleged infringer's knowledge or control.

Because all "real and representative circumstances" of how the sign is perceived must now be taken into account, the scope for a finding of likelihood of confusion is greater. That may make it easier for trade mark owners seeking to enforce their marks, but also easier to oppose a new application on likelihood of confusion grounds. So good news for trade mark owners, but bad news for new market entrants.

On the post-sale confusion issue, it is perhaps no great surprise that post-sale confusion was recognised by the SC as a possible basis for 10(2) infringement given that, as the SC noted, trade marks continue to fulfil their function even after sale. However, the UKSC has also found that there is no reason in principle for imposing a limitation that only post-sale confusion jeopardising the essential function of a trade mark as a guarantee of origin at the point of a subsequent sale or in a subsequent "transactional context" can amount to an actionable infringement. Relatedly, they also held that damage to the origin function of a trade mark is complete if an average consumer is confused about the origin of goods – without there being any further damage caused such as lost sales. This appears to mean that the court can find 10(2) infringement on the basis of post-sale confusion even where there is no actual effect on trade – no actual damage to the trade mark owner or consumer, nor actual advantage to the defendant.

The point on which the appeal succeed however was, in the end, a rather straightforward one: the trial judge's analysis and conclusions on likelihood of confusion were entirely reasonable (even if another judge might have reached a different conclusion), and so the Court of Appeal simply had no basis to interfere. The SC's judgment is therefore a timely reminder that an appeal is not simply a second bite of the cherry.

Bird & Bird acted for Dream Pairs before the Supreme Court

Ewan Grist, Louise Sargeant and Georgina Straughan, Bird & Bird LLP



Ewan Grist

Partner

+442079056319
ewan.grist@twobirds.com



Louise Sargeant

Partner

+442079056327
louise.sargeant@twobirds.com



Georgina Straughan

Senior Associate

+442074156618
georgina.straughan@twobirds.com



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