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Kicking Around the Post-Sale Confusion Doctrine in English and US Courts

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Locke Lord New York Partner **Straat Tenney** co-authored an article published in The Trademark Lawyer Magazine providing a comparative analysis of the post-sale confusion standards from English and U.S. jurisprudence. The article outlines interesting conclusions for corporations to consider when developing their branding. Tenney point out that post-sale confusion, a concept in trademark law that extends beyond the point-of-sale, recognizes that a trademark has an ongoing and valuable role to play as a badge of origin even after the initial purchase of the goods or services in question.

The authors explain that when comparing English and U.S. approaches there are similarities: “They both accept that the relevant consumer may be different for post-sale confusion than point-of-sale confusion. However, it also suggests that in the U.S. additional factors, such as damage to value or concrete evidence of confusion and/or harm, are factored into the analysis of whether post-sale confusion has occurred.”

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Kicking Around the Post-Sale Confusion Doctrine in English and US Courts

H. Straat Tenney of Locke Lord provides a comparative analysis of the handling of pre- and post-sale confusion of trademarked goods by jurisdiction to draw interesting conclusions for corporations to consider when developing their branding.

“Post-sale confusion”, namely the extent to which the post-sale context of the use of a sign can and should be taken into consideration when assessing issues such as the likelihood of confusion, has been the subject of a recent case before the Court of Appeal of England and Wales. Post-sale confusion is not a new concept in English law, but the decision in *Iconix Luxembourg Holdings Sarl v. Dream Pairs Europe Inc & Anor* [2024] EWCA Civ 29 arguably goes further than previous cases in emphasizing the relevance of the consumer’s perspective of the sign. The decision presents an opportunity to consider the approach taken by the English courts towards a post-sale context in trademark infringement cases, as well as to compare the approach to that taken in the United States of America.

Post-sale confusion in the United Kingdom

Cases such as *Arsenal Football Club* [2002] EUECJ C-206/01 (12 November 2002) confirmed that a likelihood of confusion could occur after the sale of the goods to which the alleged infringing sign is affixed. In that case, unofficial merchandise for the football club Arsenal FC was being sold from a stall with a notice stating that the products were not official. The Court of Justice of the European Communities found that consumers encountering the goods after they had been sold may interpret the sign as designating that the goods had in fact been sold by or on behalf of Arsenal FC.

Equally, in *Thomas Pink Limited v. Victoria's Secret UK Ltd* [2014] EWHC 2631 (Ch), which concerned the sale of clothing bearing the sign PINK, post-sale context of use was also taken into account in assessing the likelihood of confusion. There the judge (Mr. Justice Birss, who subsequently became Lord Justice Birss and was one of the appeal court judges in Iconix), found that the inclusion of the sign PINK on garments was meant to be seen by persons other than the wearer and was not purely decorative. The use continued to act as a badge of origin.

In *Iconix*, the dispute concerned the sports brand UMBRO, and its diamond-shaped logo (as registered as a series of two devices as United Kingdom trademark no. 991668):

Dream pairs sold football boots and other footwear by reference to the following sign:

Sales were made exclusively through online marketplaces where other DREAM PAIRS branding featured. The advertisements for the products also contained images of the products, taken square on, which showed the mark affixed to the products. At first instance, Iconix argued unsuccessfully that when seen in the post-sale context the viewer would see the sign on the footwear by looking down from head height. This would have the effect of presenting the sign at an angle, rather than it being seen square on. This distorted view would elongate the sign such that it more closely resembled the UMBRO diamond. Lord Justice Arnold, whose judgment was approved by Lord Justice King and Lord Justice Birss, found that the trial judge had erred in failing to take this into account. He found that there was "*nothing artificial or unrealistic*" about comparing the UMBRO device mark to the sign in this manner. He noted that the average consumer encountering the sign for the first time on the products would not necessarily know what the sign looked like when seen square on. He overturned the trial judge's finding that there was no likelihood of confusion between the UMBRO diamond and the sign on this basis.

The case is another example of confirmation that the English courts are willing to find that there is a likelihood of confusion post-sale whilst there is no likelihood of confusion at the point of sale. Another area in which we have seen a number of interesting cases in the United Kingdom recently is in respect of "look-a-like" products. This decision favors brand owners in that it is a reminder that signs will be examined in their real-world context, taking into account changes in perspective and appearance that may result from their actual use. Additional materials, or an artificial perspective, presented at the point of sale will not prevent enforcement if the real-world use of the sign is in fact different.

It should also be noted that the English Courts have also considered post-sale confusion in respect of a different class of average consumer than the average consumer likely to make (the general public) from the class of

consumers whose perception was relevant to assessing the likelihood of confusion. In contrast, *Arsenal, Thomas Pink*, and *Iconix* are all concerned with the impact of the post-sale context with respect to the same class of average consumers.

Post-sale confusion in the United States of America

In addition to initial interest confusion and point-of-sale confusion, US trademark law has long recognized post-sale confusion. In most infringement cases, a plaintiff must demonstrate that direct purchasers are likely to be confused. Sometimes this is not possible, like in the Arsenal Football Club case, discussed above, where the purchasers understood that the product is not affiliated with the senior user. This is a “classic” example of post-sale confusion; the purchaser knows the offending products are spurious, but observers who see those products in the marketplace may be confused, thus damaging the trademark owner. *See, e.g., Yellowfin Yachts, Inc. v. Barker Boatworks, LLC*, 898 F.3d 1279, 1295, n.14 (11th Cir. 2018) (citing 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 23:7 (5th ed.)). In these cases, in addition to proving the notoriety of its brand, a plaintiff must prove that the junior product is of inferior quality, compared to the senior product.

Proof that a product is inferior, however, is not always required. For example, US courts have held that post-sale confusion damages the exclusivity of the senior product. The Ninth Circuit decision in *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018) is instructive. adidas sought to enjoin the sale of Sketchers footwear that mimicked the Stan Smith and Cross Court brands. adidas showed it carefully limited the supply of Stan Smith footwear, and the court found that the sale of Sketchers competing shoes harmed the value adidas derived from the scarcity and exclusivity of the Stan Smith brand. *Id.* at 761. In contrast, adidas could not establish that its Cross Court brand was similarly exclusive. The Ninth Circuit refused to extend the preliminary injunction to the product that tracked the Cross Court brand.

Proving post-sale confusion infringement is arguably easier when compared to point-of-sale confusion. In normal cases, the analysis focuses on purchasers and potential purchasers. Under post-sale confusion, the universe of those possibly confused expands to the entire public, so more people can be confused, and factors that may otherwise weigh against confusion are often inappropriate. Labeling is irrelevant in the post-sale confusion analysis because hangtags that were once affixed to the products are all discarded. Similarly, point-of-sale displays have no bearing because mere observers are unlikely to have seen the relevant sales environment. Differences in geographic distribution, market position, audience appeal, the sophistication of consumers, and price point have “little or no bearing” on the likelihood of post-sale confusion. See e.g., *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 448 (S.D.N.Y. 2017).

Perhaps recognizing that the analysis can be too narrow, courts are sometimes hesitant to recognize post-sale confusion without concrete evidence showing observers are likely to be confused or that the senior users will be harmed. See, e.g., *Yellowfin Yachts, 898 F.3d at 1295, n.14; adidas Am., Inc.*, 890 F.3d at 1295, n.14. Merely asserting that post-sale confusion may conceivably exist is insufficient.

Conclusion

The doctrine of post-sale confusion recognizes that a trademark has an ongoing and valuable role to play as a badge of origin even after the initial purchase of the goods or services in question. Whether that serves as an inducement for further purchases amongst the same class of consumers or influences the decision-making in respect of a subsequent transaction, this ongoing role should be protected. As the Iconix case demonstrates, it is

also a valuable tool for brand owners, particularly in cases of "copycat" products where the offending party can take additional steps to mitigate the risk of point-of-sale confusion.

The above comparison suggests there are many similarities in the approach by the US and English courts, notably that they both accept that the relevant consumer may be different for post-sale confusion than point-of-sale confusion. However, it also suggests that in the US additional factors, such as damage to value or concrete evidence of confusion and/or harm, are factored into the analysis of whether post-sale confusion has occurred. As the English courts seem to be showing a willingness to expand post-sale confusion, it will be interesting to see whether any of these factors start to be given more weight by the English courts when assessing the likelihood of post-sale confusion as well.

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