



Neutral Citation Number: [2018] EWCA Civ 1586

Case No: A3/2017/1908

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY
Mr Justice Warren
HC-2014-000862

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 04/07/2018

Before :

LADY JUSTICE ARDEN
LORD JUSTICE KITCHIN
and
MR JUSTICE BIRSS

Between :

**(1) HOLLAND AND BARRETT INTERNATIONAL
LIMITED**
(2) HEALTH AND DIET CENTRES LIMITED **Appellants**
- and -
GENERAL NUTRITION INVESTMENT COMPANY **Respondent**

**Michael Bloch QC and Shane Sibbel (instructed by Eversheds Sutherland (International)
LLP) for the Appellants**

**John Baldwin QC and Henry Ward (instructed by Carpmaels & Ransford) for the
Respondent**

Hearing dates : 20th June 2018

Approved Judgment

Lady Justice Arden, Lord Justice Kitchin and Mr Justice Birss:

1. This is the judgment of the court.
2. This is an appeal from the order of Mr Justice Warren made on 21st June 2017 following judgment given on 7th April 2017 ([2017] EWHC 746 (Ch)) after a trial in October 2016. The case concerns a United Kingdom trade mark licence agreement dated 6th March 2003. The original licensor was the predecessor of the respondent (“GNIC”). The licensees are the appellants (“Holland and Barrett”). The main dispute at trial was whether GNIC had validly terminated the licence. The judge dealt with that issue comprehensively and held in favour of Holland and Barrett. GNIC has not sought to appeal that finding. Between paragraphs 289 and 305 of the judgment the judge addressed a separate question concerning unused trade marks. That question was decided in favour of GNIC. Holland and Barrett appeal on two grounds: one ground, labelled Ground II, is pursued with the permission of the judge and the other (Ground I) is pursued with the permission of Kitchin LJ. As the argument developed only Ground II needs to be considered in this court.
3. The various trade marks in question all comprise the text “GNC” either alone or with additions of various kinds. They are all registered inter alia for vitamins, minerals, nutritional supplements and similar products in Class 5.
4. The trade mark licence is exclusive and contains no running royalty. It forms part of a wider agreement whereby a business selling nutritional supplements and the like which was then being conducted in the UK under the GNC brand was sold to Holland and Barrett from the group of which GNIC was a part. In fact the transaction consisted of Holland and Barrett buying the entire share

capital of the relevant UK operating company. Holland and Barrett paid just over £8 million for the business.

5. At clause 2.1 the trade mark licence contains a conventional clause granting an exclusive licence to the licensee. The licensed marks are set out in Schedule 1 to the licence. There are seven licensed marks; three are Community Trade Marks (CTMs) and the other four are United Kingdom marks. They are:

- i) CTM no. E183533 (“the GNC word mark”)
- ii) UK Trade Mark no. 1468996 (“the Silhouette mark”);
- iii) CTM no E183475 (“the Center mark”).
- iv) UK Trade Mark no. 2263388 (“the Herbal Plus mark”);
- v) CTM no E940981 (“the GNC Live Well word mark”).
- vi) UK Trade Mark no. 1468832 (“the Oval mark”);
- vii) UK Trade Mark no. 2101307 (“the Centres Live Well mark”)

6. The GNC word mark consists simply of “GNC”. The Silhouette mark consists of the letters G and C with a lower case “n” in between those letters, in which the space under the “n” has the shape of a person holding up their arms. The Center mark is a device consisting of GNC above the words “GENERAL NUTRITION CENTER”. The Herbal Plus mark is a device in which the words “GNC HERBAL PLUS” appear. The GNC Live Well word mark consists simply of the words “GNC LIVE WELL”. The Oval mark is a device with GNC in the background and “GENERAL NUTRITION CENTERS” in an oval in the foreground. The Centres Live Well mark is a device with GNC above

“GENERAL NUTRITION CENTRES” above “LIVE WELL” all in a box at a slanted angle.

7. Aside from the GNC word mark CTM no. E183533, all the other licensed marks will be referred to as auxiliary marks because they all include GNC but also include further additions.
8. Once the business was purchased, Holland and Barrett ran it in the UK, selling the relevant nutritional supplement products under the brand GNC. They continue to do so. There is no dispute that Holland and Barrett have used both the GNC word mark and the GNC Live Well word mark since 2003.
9. However there was also no dispute that, at least in the form in which they were registered, Holland and Barrett had not used any of the five other marks in Schedule 1 for a period of five years before trial. The judge had to decide whether use of GNC alone amounted to use of any of those auxiliary marks for the purposes of clause 5.6 of the licence and for the purpose of the non-use provisions in trade mark law, which he held were the same. This is dealt with in the judgment at paragraphs 291-294. The relevant provisions in trade mark law are s46(1)(a) and (2) of the Trade Marks Act 1994 (the 1994 Act) and what is now Art 58(1)(a) of Council Regulation 2017/1001 (the Regulation). The Regulation came into effect after the judgment was given but nothing turns on that. Under these provisions use of a trade mark includes use of the mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered. The judge decided that use of GNC alone did not satisfy that test in relation to the five auxiliary marks. Ground I of the appeal seeks to reverse that finding.

10. The relevance of the question was that if a licensed trade mark had not been used, then GNIC was entitled to invoke clause 5.6 of the licence, as follows:

“If the Licensee ceases to Use the Trade Marks or any of them in respect of the Products for a continuous period of 5 years or more the Licensor shall be entitled to terminate this Licence in respect of such Trade Mark or Trade Marks.”

11. The terms Use, Trade Marks and Products are defined in the licence. “Use” is defined to include acts such as the sale of Products under the Trade Marks. Trade Marks means the licensed marks. Products means vitamins, minerals, nutritional supplements and similar products.
12. GNIC had purported to exercise the right to terminate the licence for the five unused trade marks under clause 5.6 and the second question the judge had to decide was what the effect of that termination would be. GNIC contended that once the licence had been terminated for a given trade mark, the licensor was entitled to use that trade mark in the United Kingdom and Holland and Barrett had no legal right to prevent that activity. So, for example, GNIC could start selling nutritional supplements under the GNC Herbal Plus mark in the UK, and Holland and Barrett had no right to stop it. Holland and Barrett argued to the contrary, contending that termination of the licence in relation to an unused mark did not give the licensor a right to do acts which breached the exclusivity of the licence of the marks in respect of which the licence continued in force. Since the exclusive licence of the GNC word mark was continuing, Holland and Barrett had the right under the contract to prevent GNIC from using any mark confusingly similar to that mark. That would prevent GNIC from using, for example, the GNC Herbal Plus mark.

13. The judge ruled in favour of GNIC. He decided that once the licence of an unused mark was terminated GNIC was entitled to use it and there was nothing in the licence agreement which prevented its future use by GNIC. Holland and Barrett therefore had no right to prevent the use of such a mark either in an action for breach of the agreement or for trade mark infringement or passing off.
14. Holland and Barrett appeal that finding. That is Ground II of the appeal. Holland and Barrett explained in opening the appeal that if they succeed on Ground II they do not press Ground I.

The licence

15. In addition to clause 5.6 which has been set out above, the only other term of the licence which needs to be set out is clause 2.1. By that clause the Licensor grants to the Licensee:

“the exclusive right to Use the Trade Marks during the term of this Agreement (as provided for under clause 5 below): (a) within the Territory....”

16. The Territory is the United Kingdom. The term “exclusive” is defined as follows

“‘Exclusive’: means that only the Licensee (including Sublicensees) have the right to use the Trade Marks in the Territory [...] as contemplated in this Agreement to the exclusion of all other persons including the Licensor”

The judgment

17. The section of the judgment which addresses the unused marks starts at paragraph 289. The judge summarised the general issues in paragraphs 289-

290, decided the point relating to Ground I of the appeal in paragraphs 291 to 294, and turned to Ground II at paragraph 295. In paragraphs 295 and 296 the judge summarised the parties' submissions. In paragraph 297 the judge explained that in his view there was a tension between clause 2.1 and clause 5.6 and decided that the tension had to be resolved in GNIC's favour. His reasons for doing so followed.

18. In paragraphs 298 and 299 the judge considered the scope of the exclusive licence itself and the impact of clause 5.6. Since they represent the core of the judge's reasoning, we set them out in full:

“298. Clearly an exclusive licence over a mark (whether a mark originally licensed or an additional mark) would preclude GNIC from using it during the currency of the exclusive licence. But this is not because there would be any trade mark infringement or passing off as a result of such use but because it is necessarily implicit in the grant of an exclusive licence that the licensor will not itself use the licensed mark. When the licence over a particular mark is terminated, the necessary implication falls away. It is not, however, necessarily implicit in the grant of the GNC mark that GNIC will not make use of any other mark, such as GNC Herbal Plus; such an implication is entirely unnecessary because it is the exclusive licence of the other mark (such as GNC Herbal Plus) which prevents use of that mark. The possibility of confusion does not, in my view, make it necessary to imply into the LA a prohibition on GNIC using the mark over which the licence has terminated.

299. The position may be different in relation to the use by GNIC of a mark incorporating “GNC” where there has been no attempt to register the mark. In those circumstances, H&B would have no exclusive licence from GNIC to use the mark (any more than it had a licence to use its own mark, “GNC SPORTS NUTRITION”). The use of such a mark might well (it is unnecessary for me to decide) be a breach of the terms of the exclusive licence of “GNC” since the exclusive licence is all that H&B would have on which to base a claim. The important difference between that case and the case of the Unused Marks is that clause 5.6 of the LA has no application to the former. In contrast, H&B can prevent use of a mark over which it does have a licence by enforcement of the exclusivity of that licence. It is

implicit, to repeat, in the exclusive licence of that mark that its use by GNIC can be prevented.”

19. In paragraph 300 the judge recorded that Holland and Barrett accepted that the purpose of clause 5.6 was to avoid the risk of a mark being removed from the register. In this paragraph the judge also rejected a submission by counsel for Holland and Barrett that GNIC might be able to defeat a claim for revocation of the unused marks by having a proper reason not to have used the marks. That latter point was not pursued before us. The case must be approached, as the judge did, on the basis that the unused marks are vulnerable to revocation for non-use.
20. In paragraph 301 the judge found as fact that if the GNIC group launched products under the GNC Herbal Plus mark in the United Kingdom, as they said they wished to, that could well create confusion in the minds of the public. Nevertheless, he held as follows:

“That might be seen as an undesirable consequence of the construction of clause 5.6 for which GNIC argues. But that potential confusion is a consequence of the agreement which the parties have entered into. Given a choice between a construction which precludes GNIC from using the marks in order to prevent revocation (and thus defeats the intended purpose of the provision) and one which runs the risk of bringing about a situation giving rise to confusion, I prefer the latter.”
21. In paragraph 302 the judge rejected an argument based on derogation from grant. That point was not pursued with any enthusiasm before us.
22. In paragraphs 303 to 304 the judge addressed the question whether use by GNIC of the unused marks could amount to trade mark infringement or passing off. He held it could not and at paragraph 305 the judge summarised his conclusion of the issue in GNIC’s favour.

Holland and Barrett's submissions on Ground II

23. Holland and Barrett argue that the correct approach is to consider the licence agreement in its context as part of a business sale agreement. Taking an iterative approach to construction, one starts with the exclusivity clause in clause 2.1.
24. Holland and Barrett contend that the definition of “exclusive” in the agreement has the effect that the word bears its ordinary meaning in a conventional exclusive trade mark licence. They submit that this means that the licensee has the right to prevent the licensor not only from using a sign identical to the Trade Marks on the relevant goods but also from using a confusingly similar sign on the relevant goods. In effect Holland and Barrett contend that the exclusivity granted by the licence means that they can prevent the licensor from carrying out an activity which would infringe, e.g. under s10 of the Trade Marks Act 1994 or Art 9 of the Regulation, but for the fact it was carried out by the licensor and not an unlicensed third party. They contend that that is what exclusivity means in this context.
25. Holland and Barrett then draw attention to further clauses. Clause 2.4 provides that in the event GNIC applies to register any further marks containing “GNC” or variants of it then they are deemed to be included within the definition of Trade Marks and so the licence extends to them. Clause 2.5 requires the licensor to maintain the Trade Marks on the register. Clause 2.6 provides that the licensor will oppose another trade mark application by a third party which uses “GNC”. It may also oppose other relevant applications and if it does not do so the licensee can take action instead.

26. Clause 4 contains a suite of provisions concerning infringements by third parties, starting with notification provisions in clause 4.1, the licensee giving the licensor reasonable assistance in clause 4.2, and the licensee having the right to act instead of the licensor if the latter fails to act in clause 4.3. By clause 4.4 the licensee must not do anything to prejudice the rights of the licensor or undermine the validity of the registrations.
27. Clause 5 deals with term and termination. By clause 5.1 the agreement is made perpetual unless terminated in accordance with its terms. By clause 5.2 the licensor may terminate for material breach by the licensee. That was the subject of much of the trial but does not concern this court on appeal. By clause 5.3 the licensor can require the licensee to terminate sub-licences thus giving the licensor a measure of control in relation to sub-licensees. Clause 5.4 deals with termination by either party in the event of insolvency or in similar circumstances. Clause 5.5 gives the licensee the right to terminate on three months' notice. Note that the licensor does not have a similar right, which is consistent with this agreement forming part of a business sale transaction.
28. The main argument turns on clause 5.6 (quoted above at paragraph 10).
29. It is common ground that the five year period in clause 5.6 seems to have been selected given the five year period associated with the non-use provisions in trade mark law (see s46(1)(a) of the 1994 Act and Art 58(1)(a) of the Regulation). Holland and Barrett note that strictly this period does not quite work because if the mark had been unused for five years and the licence was terminated, even if the licensor started using it immediately a third party might still be able to revoke it for non-use within three months of the end of the period

of non-use (s46(3) of the 1994 Act, Art 58(1)(a) of the Regulation). However Holland and Barrett accept that the aim of this clause is to allow the licensor to protect its property in a situation in which the Trade Marks have become vulnerable to revocation for non-use. Holland and Barrett argue that the clause makes sense and causes no difficulty when one considers its effect if the licensee uses none of the Trade Marks. In that case the whole agreement can be terminated. They also suggest that there would be no problem in a case in which the licensee had only used one of the auxiliary marks (say the Herbal Plus mark), the licence for all the others was then terminated and the licensor wanted to use another of the auxiliary marks (say the Silhouette mark). Use of the Silhouette mark may well not amount to infringement of the Herbal Plus mark and so in that case the licensor would be free to use the Silhouette mark in the Territory if it wished.

30. Therefore although clause 5.6 could be interpreted as including an implied term contemplating that the licensor may itself use unused marks after the termination is triggered, such an implied term has to yield to the fundamental and express exclusivity term of the licence itself. Such a term should not give the licensor the right to act contrary to the exclusivity of the licence which would remain in place. Since in this case the exclusive licence remains in full force and effect in relation to the GNC word mark, on the facts of this case the licensor cannot use any of the five unused marks on the Products in the United Kingdom because that use would inevitably be confusingly similar to the GNC word mark. And so the judge reached the wrong conclusion and the appeal should be allowed.

GNIC's submissions on Ground II

31. GNIC submits that the agreement has to be read and construed as a whole. It is not right to approach the issue by considering whether one clause should yield to another. This was not an assignment of rights to the licensee, it was a licence. The agreement shows that one of the considerations in the licence was the protection of the licensor's property. So clause 3.1 restricts the manner in which the licensee can use the licensed marks to a form as stipulated in Schedule 1. It also prohibits any use which would dilute the exclusivity of the licensor's rights, any use of confusingly similar marks, and prohibits certain additions being incorporated. Clause 3.2 provides that the goodwill always accrues to the licensor. GNIC pointed out that in clause 4.4 the licensee is prohibited from impairing the licensor's rights or bringing into question the validity of the registrations.
32. GNIC accepts that in a conventional exclusive licence the exclusivity clause would mean that the licensee had the right to prevent the licensor not only from using the licensed marks in precisely the form in which they were registered but also to prevent the licensor from using a confusingly similar mark.
33. GNIC contends, however, that the purpose of clause 5.6 is to allow the licensor to take steps to protect its trade mark registrations from revocation for non-use, and that this was common ground. Therefore the clause necessarily has to give the licensor the right to use the marks for which the licence has been terminated. Thus GNIC must be entitled to use such a mark on the Products in the Territory. Any conclusion which means that the licensee can prevent that use means that

the licensor will lose its property, the trade mark registration. That is not what the clause is for.

34. GNIC submits that truly the problem is of the licensee's own making. Although the licence did not contain an express term requiring the licensee to use all the marks, nevertheless it is clear that the protection of the licensor's property was one consideration under the agreement. All the licensee had to do to avoid this result was to use all the licensed marks. If it had done so the present problem would not have arisen.

Assessment

35. The appeal on Ground II turns on the correct construction of a contract. The applicable legal principles were not in dispute. The appellants referred the court to *Arnold v Britton* [2015] UKSC 36 and *Wood v Capita Insurance Services Ltd* [2017] UKSC 24.
36. As the judge recognised, in this case there are arguments in favour of each side's case. Nevertheless as explained below we have decided that on Ground II of the appeal Holland and Barrett are correct and GNIC is wrong.
37. The first issue to consider is the nature of this agreement and the scope and effect of its express terms. The licence agreement is part of a business sale transaction. This supports Holland and Barrett. The United Kingdom business which had been carried on under the mark GNC was being sold. As a result of the transfer of the business, the licensor's interest in the United Kingdom and in its United Kingdom trade mark registrations was much reduced. GNIC's submissions overplay the importance of the unused trade mark registrations.

Their coverage of the United Kingdom did not have a substantial value to the seller of the business.

38. Exclusivity is a fundamental aspect of this licence. It is critical to the licensee that on transfer of a business, the licence is exclusive. It excludes the licensor/seller (or its successors) altogether. In paragraph 298 the judge held it was “necessarily implicit” in the grant of an exclusive licence that the licensor will not itself use the mark. That is not quite accurate. The exclusion of the licensor is explicit not implicit. It is what the term “exclusive” adds to what would otherwise be a sole licence.
39. The nature of the exclusivity provision in a licence of any intellectual property right is also relevant. An exclusive licensee of an intellectual property right may have the right to bring infringement proceedings against third parties. The precise nature and scope of those rights varies for different intellectual property rights. For a registered trade mark, an exclusive licensee can bring such proceedings in certain circumstances and depending on the construction of the licence (see s29 to s31 of the 1994 Act and Art. 25 of the Regulation). In such proceedings the exclusive licensee could bring a claim against a sign which was not identical to the registered trade mark but was confusingly similar to the mark. However, the licensee’s rights as against the licensor are and can only be contractual in nature. That is because even if an exclusive licensee of intellectual property has a right to sue a third party for infringement, an act committed by the licensor is necessarily not an infringing act for the simple reason that it has the benefit of the consent of the owner of the intellectual property right – i.e. the very same licensor. To amount to an infringement of a

registered trade mark the act concerned must be without the consent of the proprietor (s9(1) of the 1994 Act, Art. 9 of the Regulation). Thus in *Northern & Shell Plc v Condé Nast & National Magazines Distributors Ltd* [1995] RPC 117 Jacob J (as he then was) struck out a claim so far as it was framed in infringement of registered trade mark brought by the holder of an exclusive licence against the trade mark proprietor. Therefore the judge was correct in paragraph 303 to find that Holland and Barrett had no basis on which to sue GNIC for trade mark infringement.

40. Considering the law of passing off, since under the licence the goodwill accrues to the licensor, Holland and Barrett did not press the issue of whether they might have the ability to sue GNIC for passing off. We can decide this case on the footing that Holland and Barrett do not have that ability and that the judge was right in paragraph 304 so to hold.
41. The scope of the exclusivity is therefore relevant. Before us GNIC accepted that in a conventional exclusive trade mark licence the exclusivity of the licence meant that the licensor would breach the contract not only by using the trade mark in the form it was registered but also if (in relation to the relevant goods or services) it used a mark which was confusingly similar to the registered trade mark. GNIC was right to accept that proposition. It is applicable to clause 2.1 in this case which is in conventional terms. In an exclusive licence like this one, the scope of the contractual exclusivity will be co-extensive with the scope of the right to prevent infringements by third parties. If that were not so then the exclusivity of the licence would be undermined.

42. This point on scope has an important consequence. It means that the exclusivity of the licence insofar as it relates to the GNC word mark prevents GNIC not only from using a sign consisting of GNC alone but also from using other signs comprising GNC but with other material added as well. The judge found that if GNIC used the sign “GNC Herbal Plus”, it could well cause confusion. We agree and observe that leaving aside the effect of clause 5.6 for a moment, this finding demonstrates that it would be a breach of the exclusivity of the licence, insofar as that licence relates to the GNC word mark, for GNIC to use “GNC Herbal Plus”.
43. There is nothing surprising about a conclusion that while the licence is in force, the licensor is not free to use any confusingly similar mark in the territory on relevant products which would be a breach of the exclusivity clause in the licence. That is because if the licensor did do this it would drive a coach and horses through the exclusive licence. It would seriously damage the interests of the licensee which it holds as a result of the exclusivity of the licence.
44. This is where we believe the judge erred in paragraph 298 of his judgment. He held that it was not necessarily implicit in the exclusive licence of the GNC mark that GNIC would not make use of any other mark such as GNC Herbal Plus because such an implication is unnecessary owing to the exclusive licence of the GNC Herbal Plus mark. This involves two errors. It treats marks with overlapping scope as if they are distinct, and it conducts an analysis based on implied terms and necessary implication when the analysis is actually one of construction of a key express term of the contract. The correct construction of

clause 2.1 as it applies to the GNC mark means that the licensor has agreed not to use confusingly similar marks such as GNC Herbal Plus.

45. In paragraph 299 the judge held that he did not have to decide whether the use of a mark consisting of GNC with further additions which was different from one of the auxiliary marks would be a breach of the terms of the exclusive licence of the GNC word mark. In a sense that is true since GNC is not proposing to do that. However by not considering the point the error in paragraph 298 may have been compounded. The error in paragraph 298 and the decision not to address a point in 299 led the judge to the wrong conclusion on the point overall.
46. From the point of view of the exclusivity provisions in the licence, the overlap between the scope of the various trade mark registrations listed in Schedule 1 means that while all seven of the marks in Schedule 1 are covered by the licence, the use by the licensor of one of the auxiliary marks would be a breach of the contract for two distinct reasons. It would breach the exclusivity of the licensed auxiliary mark and it would also breach the exclusivity of the licensed GNC word mark. That distinction does not matter while all the marks are licensed but it becomes important when clause 5.6 is considered.
47. We turn to consider clause 5.6. GNIC emphasised that one of the purposes of clause 5.6 is concerned with the risk of revocation for non-use. We agree that this is one of the purposes of clause 5.6 but it is not the only purpose. The clause is also concerned with permitting the licensor to bring the entire licence to an end if none of the trade marks is used for five years. If that occurred then the licensor could clearly enter the territory under the GNC brand in any way it

thought fit. Nevertheless the words “or any of them” in clause 5.6 allows the licensor to terminate the licence for an individual trade mark and the reason for that must be to allow for the possibility of avoiding revocation for non-use.

48. This consideration of how clause 5.6 works with an individual trade mark shows that it is implicit in the licence that the licensor may then wish to use the hitherto unused mark. Clearly terminating the licence for that unused mark is a necessary step to allow the licensor to undertake that activity because the exclusivity of the licence relating to the unused mark would otherwise make it a breach of contract. However the question in this case is whether the termination of the licence for one unused mark must necessarily be found to undermine the exclusivity of any licence which remains in force.
49. Holland and Barrett proposed an example in which the licensee had only used one of the auxiliary marks, the licence for all the others was then terminated (including the GNC word mark) and the licensor then wanted to use another of the auxiliary marks. In that case the exclusivity of the licence for the auxiliary mark which continued to be licensed may well not make it a breach of contract for the licensor to use a different auxiliary mark within the territory of the licence. This example shows that Holland and Barrett are correct that it is not necessarily the case that termination of the licence for one licensed trade mark must carry with it an implicit right to override the exclusivity of the remaining licence.
50. We accept that it can be said that the licensor needs to protect its mark from the risk of revocation. However if, as in this case, the mark to be protected is an auxiliary mark then third parties are likely to have little interest in revoking it.

They cannot have a legitimate interest in starting to sell GNC branded Products given the continued existence of the licensee's business under the GNC word mark.

51. Nevertheless, it remains true that in the factual circumstances of this case, if the use of the unused auxiliary mark by GNIC in the territory would be prevented by the continuing exclusivity of the licence of the GNC word mark then the five unused marks are at risk of revocation. This clearly concerned the judge. We recognise that in the abstract it is a strong thing for the owner of property to risk losing it but GNIC's submissions place too much weight on this point on the facts of this case because of the overlapping nature of these property rights. The GNC word mark would prevent a third party from using a sign the same as any of the auxiliary marks and so GNIC's interests are protected.
52. We should add that the risk of revocation of the unused marks was, for the purposes of this case, taken as applicable to all of them. One of the unused marks is a Community Trade Mark which might make a difference, but the case has not been argued on that footing.
53. We recognise that Holland and Barrett's construction does mean that it might not be possible to avoid revocation of an unused auxiliary mark in this case but for the reasons already explained, when examined critically that is not a serious hardship to the licensor and the converse, in which the licensor acquired a right to use the auxiliary mark even though its use breached the exclusivity of the licence which remained in existence, would seriously harm the licensee's interests under the contract. Putting the matter in a different way, if when the licence was being drafted, someone had suggested to the parties that clause 5.6

might have the consequence which GNIC contend for today, then taking into account the parties' intention construed objectively from the document as a whole, the parties would have agreed that that is not what they intended to achieve.

54. A major aspect of GNIC's case before us was to emphasise that on its construction of the licence the problem would be avoided altogether if Holland and Barrett used all the auxiliary marks all the time. That is true. However if the parties had intended when they agreed on the licence that the licensee needed to use each and every one of the licensed marks because if it did not do so then it was at risk of undermining the exclusivity of the licence altogether, then it is all the more striking that the licence does not contain an express obligation on the licensee to use all the marks.
55. Finally the relationship between clause 2.1 and clause 5.6 can be considered directly. A point was made that clause 2.1 is expressed to be subject to clause 5. That is true but it simply means the licence continues until it is terminated. It does not support GNIC's approach to clause 5.6.
56. Holland and Barrett submitted that insofar as there is a tension between clauses 2.1 and 5.6 which is exposed by the circumstances of this case, any implied term arising from clause 5.6 must yield to the express terms of clause 2.1. We would not put the matter in that way. We hold that to the extent the facts of this case expose a possible tension between clauses 2.1 and 5.6, what they show is that the true construction of the licence agreement as a whole is the following. If the licence is validly terminated under clause 5.6 in relation to the Trade Marks or any of them, the licensor does not acquire a right to do any act which would

be a breach of the exclusivity of whatever licence remains in force. If the licence is terminated under clause 5.6 for an unused Trade Mark but the licence remains in force, then provided he can do so in a manner which does not breach the terms of the licence, the licensor is free to use the unused mark, but not otherwise.

57. GNIC referred to the words of Lord Romilly in *Re Strand Music Hall Co Ltd* (1865) 55 ER 853, 35 Beav 152 as follows:

“The proper mode of construing any written instrument is, to give effect to every part of it, if this be possible, and not to strike out or nullify one clause in a deed, unless it be impossible to reconcile it with another and more express clause in the same deed.”

58. Nothing in the conclusion we have reached contravenes this principle. As we have explained, depending on which marks are used and which are unused, there will be circumstances in which, following the termination of the licence under clause 5.6 of a particular mark, the licensor will be able to use that mark in the Territory and protect it from revocation. Holland and Barrett’s case does not require clause 5.6 to be struck out or nullified.

Conclusion

59. We allow the appeal on Ground II. There is no need to consider Ground I.