

O-140-16

TRADE MARKS ACT 1994

CONSOLIDATED PROCEEDINGS

**IN THE MATTER OF APPLICATION NO 3042037
BY CLANN IP LIMITED TO REGISTER THE FOLLOWING SERIES OF SIX
TRADE MARKS**

**spicer haart
spicerhaart
Spicer Haart
SpicerHaart
SPICER HAART
SPICERHAART**

IN CLASSES 36 AND 45

**AND IN THE MATTER OF OPPOSITION
THERE TO UNDER NO 401957
BY SPICERHAART GROUP SERVICES LIMITED**

AND

**IN THE MATTER OF APPLICATION NO 3048491
BY SPICERHAART GROUP SERVICES LIMITED TO REGISTER THE TRADE
MARK**

SPICERHAART

IN CLASSES 16, 35, 36 AND 45

**AND IN THE MATTER OF OPPOSITION
THERE TO UNDER NO 402624
BY CLANN IP LIMITED**

Background and pleadings

1) Clann IP Limited (“Clann”) applied to register the series of six marks, shown on the cover of this decision, in the UK on 12 February 2014. The application was accepted and published in the Trade Marks Journal on 23 March 2014 in respect of the following services:



Class 36: *Financial affairs; monetary affairs; real estate affairs; mortgage services; mortgage brokerage services; mortgage procurement services; financial services relating to mortgages and mortgage services; financial services relating to real estate; financial services relating to real estate development; financial services for the purchase of real estate; estate agency and property letting services; arranging of loan agreements secured on real estate; real estate brokerage; real estate agency services; real estate valuation services; real estate administration; provision of real estate loans; leasing of real estate; arranging leasing of real estate; real estate appraisal; real estate management services; property portfolio management; property valuing services; provision of information, advisory and consultancy services relating to all of the aforesaid services.*

Class 45: *Legal services; legal services relating to real estate; information, advisory and consultancy services relating to all of the aforesaid services.*

2) Spicerhaart Group Services Limited (“SGS”) opposes the application on the basis that the application is open to objection under Section 3(6) of the Act because it was applied for in bad faith because Clann has no *bona fide* intention to use the mark. Clann is, it is claimed, aware of SGS’s long-standing use of the name SPICERHAART having had commercial dealings with SGS in the late 1990s and early 2000s.

3) SGS also oppose Clann’s mark under Section 5(2)(a) and/or (b) and Section 5(3) of the Trade Marks Act 1994 (“the Act”). This is on the basis of, amongst others, the following earlier UK marks:

| Trade mark and relevant dates | List of services |
|---|---|
| 2184144 HAART/haart (series of 2 trade marks) Filing date: 10 December 1998 Date of entry in register: 20 October 2000 | Class 36: <i>Financial services relating to mortgage and mortgage services; estate agency and property letting services; provision of information, advisory and consultancy services relating to all the aforesaid services; valuing services.</i> |
| 2190598 HAART IS WHERE THE HOME IS Filing date: 03 March 1999 | Class 42: <i>Property surveying.</i> |

| | |
|--|--|
| <p>Date of entry in register: 8 October 1999</p> | |
| <p>3023963</p>  <p>Filing date: 27 September 2013 Date of entry in register: 20 December 2013</p> | |
| <p>3023239</p> <p>SPICER MCCOLL</p> <p>Filing date: 23 September 2013 Date of entry in register: 20 December 2013</p> | |
| <p>3023967</p>  <p>Filing date: 27 September 2013 Date of entry in register: 27 December 2013</p> | <p>Class 36: <i>Financial affairs; monetary affairs; real estate affairs; mortgage services; mortgage brokerage services; mortgage procurement services; financial services relating to mortgages and mortgage services; financial services relating to real estate; financial services relating to real estate development; financial services for the purchase of real estate; estate agency and property letting services; arranging of loan agreements secured on real estate; real estate brokerage; real estate agency services; real estate valuation services; real estate administration; provision of real estate loans; leasing of real estate; arranging leasing of real estate; real estate appraisal; real estate management services; property portfolio management; property valuing services; provision of information, advisory and consultancy services relating to all of the aforesaid services.</i></p> <p>Class 45: <i>Legal services; legal services relating to real estate; information, advisory and consultancy services relating to all of the aforesaid services</i></p> |
| <p>3039028</p> <p>HAART ZERO</p> <p>Filing date: 23 January 2014 Date of entry in register: 23 May 2014</p> | |

4) Further, SGS claims that the application offends under Section 5(4)(a) because SGS has used the name SPICER as part of its SPICER MCCOLL brand since 1989 and HAART since 1998 and the name SPICERHAART was developed in 2003 and it has an established goodwill. It relies on the unregistered signs SPICERHAART,

SPICER MCCOLL and HAART, being used throughout the UK since 16 May 2003, 31 December 1989 and 31 December 1998 respectively. As a result, use of Clann's mark will mislead the public into believing that services provided by Clann are provided by, endorsed, or in some other way linked to SGS. As a consequence, SGS is entitled to prevent use under the law of passing off.

5) Clann filed a counterstatement denying the claims made (and requesting that SGS provides proof of use of its earlier trade marks). It counterclaims that it has earlier rights in the form of copyright in various stylised versions of the marks applied for.

6) On 25 March 2014, SGS filed application 3048491 in respect of the mark SPICERHAART covering various goods and services in classes 16, 35, 36 and 45. It too was accepted and published in the Trade Marks Journal (on 2 May 2014). Clann opposed the application on the basis of Section 5(4)(b). At a case management conference ("CMC") held on 9 September 2015, that ground was struck out because it had no prospect of success. Clann was permitted to amend its claim to add a ground under Section 3(6) claiming that SGS had filed its application in bad faith. Clann claim that SGS's application to register the mark constitutes an infringement of Clann's intellectual property ("IP") rights. In addition, it claims that there is "duplicitous purpose" of the application because SGS had knowledge of Clann's prior use of the SPICERHAART mark and because of "the apparent reactionary timing of its application, it is safe to conclude that [the application] was made in bad faith".

7) Both sides filed evidence in these proceedings and the two sets of proceedings were consolidated, even though I informed the parties that I may issue separate decisions if I considered it to be procedurally economical to do so. In the event, I issue a single decision covering both proceedings.

8) A hearing took place before me on 25 February 2016, with SGS represented by Mr Mark Holah of Bird & Bird LLP and Clann by Mr McGoldrick of Clann.

Evidence

9) On behalf of Clann, this takes the form of:

- Four witness statements by Joseph James Baxter McGoldrick, Project Manager and Company Director of Clann; Much of Mr McGoldrick's evidence relates to the contested history between the parties, in particular, whether the IP created by the work undertaken by Mr McGoldrick in developing brands for SGS resides with him (and more latterly Clann) or with SGS. He also disputes the dates in which SGS claim the marks were developed. What I summarise below captures the essence of the dispute, but I take account that the parties had much more to say regarding the details. It is not necessary for me to record all this detail.
- A witness statement by Ian McGoldrick whose link to the proceedings is not disclosed, but he states that he was present and witnessed the entire telephone conversation that occurred between Joseph McGoldrick and John Charles Finan, extracts of which are relied upon by Joseph McGoldrick.

Following my directions, Clann IP provided both a full recording of the telephone conversation and a full written transcript.

10) On behalf of SGS, the following is provided:

- A witness statement by Lucian Pollington, Corporate Development Director and General Counsel of SGS;
- A witness statement by Mark Ninnim, who states that between the late 1990s to 2006, he was responsible for the marketing function at the “newly formed Spicerhaart Group”;
- Three witness statements by Rachel Jane Harrison, Trade Mark Attorney at Bird & Bird LLP, SGS’s representative in these proceedings.

11) Unless otherwise explained, I use “SGS” to refer to both SGS itself and also its predecessors in business. I will set out the broad thrust of the parties’ evidence and submissions below insofar as it is relevant to the parties’ respective Section 3(6) claims. I will discuss any detailed evidence in the body of my decision, but only insofar as I deem it necessary.

Clan’s evidence and submissions

12) The main thrust of Clann’s case against SGS’s application and as a defence to SGS’s opposition to its mark can be summarised as follows:

- In 2013, Mr McGoldrick assigned to Clann his copyright in works he had created prior to that date. Mr McGoldrick initially declined to provide a copy of the assignment agreement because of a confidentiality clause but, following the CMC, he provided a redacted copy (Exhibit JJBMCG-29);
- Mr McGoldrick undertook brand design work for SGS in the late 1990s and early 2000s. This work included developing stylised marks, signage, and other materials bearing the various brands. Mr McGoldrick also claims to have thought up the word mark SPICERHAART at this time (but this is disputed by SGS). Mr McGoldrick claims he created the “specific word and trade marks ‘SPICER HAART’ ... and ‘SPICERHAART’ ... which were first proposed to [SGS] on the 20/11/1998” (Mr McGoldrick’s first witness statement, paragraph 21). A partial transcript from a telephone discussion between Mr McGoldrick and Paul Alick Smith, then CEO of SGS, dated 27 November 1998 (Exhibit JJBMCG-10, page 3) includes the following exchange that Mr McGoldrick claims demonstrates that he was the creator of the word mark:

Mr McGoldrick: ... You know I own the intellectual property rights to that [a reference to the group name SPICER HAART]

Mr Smith: Yeah I do...cause it’s got the other names

- Further, at Exhibit JJBMCG-21, Mr McGoldrick provides a partial transcript of a telephone conversation between himself and John Finan (then CEO of

Winterthur Life – a provider of certain services to SGS at that time). A recording was later supplied (Exhibit JJBMCG-30) as was a full written transcript. Mr McGoldrick puts it to Mr Finan that Mr Smith informed Mr Pollington that Mr Finan suggested the name SPICERHAART to Mr Smith in 1998 (as stated by Mr Pollington at paragraph 10 of his witness statement). Mr Finan replies “no, I don’t remember that, honestly”;

- Mr McGoldrick’s terms and conditions are provided at his Exhibit JJBMcG-6. The potentially relevant parts are shown below:

“7. INTELLECTUAL PROPERTY

The Client acknowledges that Joseph James Baxter McGoldrick is the creator and owner of all intellectual property described in the fee note issued by Navigator [the name of Mr McGoldrick’s company at that time]. The Client acknowledges that Joseph James Baxter McGoldrick’s intellectual property rights are protected by law. The Client agrees to credit Navigator/ Joseph James Baxter McGoldrick in all marketing literature, advertising, press releases, radio broadcasts, television interviews and websites.

8. ARTWORK

Artwork is licensed non exclusively, its use restricted to the description contained in the fee note issued. ...

...

9. UNAUTHORISED USAGE, STORAGE, DISTRIBUTION OR COPYING

Unauthorised usage,or copying of Joseph James Baxter McGoldrick’s intellectual property is an infringement of rights protected by law....”

- Mr McGoldrick claims that these terms applied to all the work he undertook for SGS at the time. Whilst dated copies from 1996 and 1997 are exhibited, there is no corroboratory evidence that these terms applied to the work undertaken on behalf of SGS and there is no “fee note” referred to in paragraph 7 of the terms;
- Mr McGoldrick believes that there is an unresolved dispute regarding the work he undertook for SGS and feels very strongly that a contractual agreement was broken by SGS and it has no right to use the word mark SPICERHAART without his or, since 2013, Clann’s permission;
- Mr McGoldrick claims that the primary business of Clann is the provision of real estate services (his first witness statement, paragraph 10). He supports this claim by providing (his Exhibit JJBMcG-20) a “Certificate of Incorporation” dated 22 April 2014 in respect of a company name SPICERHAART

FRANCHISES LIMITED. He states that this is an Internet based estate agency based on the SPICERHAART mark that has been developed by Clann. The same exhibit also shows a stylised version of the word mark appearing in a design of an “agency board”, mock-ups of Internet advertising and a mock-up of text including the mark appearing on the side of a van. I say “mock-up” because it is clear that the coloured text has been overlaid upon a black and white photograph of a van;

- SGS’s application was made only 41 days after Clann’s application and it is clear evidence that SGS’s application was reactionary (the inference being that it filed it to be a nuisance to Clann rather than because SGS had a real interest in using the mark in respect of the services claimed);
- SGS’s application was made in the full knowledge of the use made of the mark by Clann (Mr McGoldrick’s first witness statement, paragraph 17);
- Agency boards from the time reference Mr McGoldrick as the creator of the new look brands for SGS’s HAART and SPICER MCCOLL estate agencies (Exhibits JJBMcG-7 and JJBMcG-11). The copyright notice “© Joe McGoldrick ‘98” is shown appearing on a HAART branded agency sign at page 45 of Exhibit JJBMcG-9.

SGS’s evidence and submissions

13) The following points summarise SGS’s position:

- Mr Pollington submits that Clann has “no business whatsoever in real estate” (his witness statement, para 8) and that its application to register a series of marks consisting of SPICER and HAART is the continuation of a dispute between the parties (characterised by Mr Pollington as Clann attempting “to extract value illegitimately from Spicerhaart by underhand means” (his Witness statement, para 29);
- Mr Pollington implies that Clann’s application is part of a pattern of activity where Mr McGoldrick, in the past has registered company names “deliberately named almost identically” to companies owned by SGS. Three examples are provided. He states that none of these companies ever traded, each failed to comply with the basic filing requirements of Companies House and were eventually compulsorily dissolved (paragraph 31 of Mr Pollington’s witness statement);
- Mr Pollington states that it is his understanding that the mark SPICERHAART was suggested to him around 1998 by John Finan. Such “hearsay” evidence carries little weight;
- Mr Pollington states that the name SPICERHAART “was nothing more than a simple combination of two estate agency brands in exclusive use at the time by Spicerhaart”;

- At Mr Pollington’s Exhibit 17 there are a number of documents relating to the dispute between Mr McGoldrick and SGS in 1999/2000. Mr McGoldrick challenged the probity of the document at Exhibit LP17/7 and conducted cross-examination of Mr Pollington on this issue (see below);
- In the same exhibit, an agreement between Mr McGoldrick and SGS is provided where it sets out that the IPRs resulting from work undertaken by Mr McGoldrick “relating to the business of aavit.co.uk Limited” are assigned to Spicer Haart Limited. It is not signed by Mr McGoldrick and it is not possible to say that it ever came into force or whether it was a partially signed document produced during the course of negotiations to resolve the dispute. The same exhibit also contains two letters to Mr McGoldrick referring to him signing the agreement and showing increasing frustrations at his failure to transfer “the names” “in line with the contract”;
- Clann is not a provider of real estate services and Mr McGoldrick was and is a developer of corporate brands and logos (paragraph 29 of his witness statement).

14) Also relevant to the issue of bad faith (as well as to the Section 5(4)(a) grounds pursued by SGS), I also note the following evidence regarding SGS’s level of goodwill and reputation:

- At Exhibit RJH1, Ms Harrison provides the following relevant press articles:
 - Swindon Advertiser, 13 November 2013: Announces SGD’s Haart estate agency has won a top award at a national industry awards ceremony. It is stated that “the team” is “part of the UK’s largest estate independent agency group [sic] Spicerhaart”;
 - Precise.co.uk, 21 May 2014: It reports that Spicerhaart’s managing director, land and new homes, was presented an award for outstanding achievement at the annual Spicerhaart Group conference and related to his achievements in 2013 in increasing turnover and market share;
- Ms Harrison conducted a search on www.webarchive.org and at Exhibit RJH2, she provides two captured pages from SGS’s website www.spicerhaart.co.uk. The date range searched was 10 May 2000 and 13 June 2000. The first page includes the statement “spicer haart are the largest Independent Estate Agency in Europe. We have approaching 300 Offices in 21 countries and throughout London [...] The Group company comprises several divisions and subsidiaries [these are listed]”. The second page contains an address for the Spicer haart head office;
- Mr Polligton states that one of SGS’s subsidiaries, Spicerhaart Corporate Sales Limited has “now traded for over a decade under the SPICERHAART trading style and has a dedicated website of spicerhaart.co.uk (Witness statement, paragraph 21). Brochures from 2003 and 2014 are provided at his Exhibit LP-12. Both a word and device version and the word only “spicerhaart” feature in the first of these and the word only version appears in the later version on both the front page and in the section entitled “About Spicerhaart”. In this 2014 brochure, the same statement is made as noted in the above

bullet point, namely that “Spicerhaart is the UK’s largest independent estate agency” and goes on to state that it has “a network of over 200 branches across England and Wales, trading under our haart, Felicity J Lord, Haybrook, Spicer McColl, Darlows and Chewton Rose brands, together with independent High Street mortgage and protection provider Just Mortgages”;

- At his Exhibit LP14, Mr Pollington discloses turnover of “Spicerhaart Group Limited” for the years 2000 to 2013. The turnover generally showing an upward trajectory from nearly £55 million in 2000 to over £107 million in 2013.

The Hearing

15) At the hearing, Mr Holah informed me that SGS were not pursuing the grounds under Section 5(3). SGS’s witness Mr Pollington was cross examined by Mr McGoldrick.

Cross examination of Mr Lucian Pollington

16) This was in respect of a single issue, namely, the provenance of a document he provided at Exhibit LP-17, page 8, a copy of which is produced below:

3-JUL-2002 15:03 FROM:SPICERHAART EXECUTIV 01205366984

TO:585520

P:1/6

Navigator
The Mill
Cedars Road
Colchester
Essex CO2 7BS

13th January 2000

Spicer haart Group
Wellington House
Bun Road
Colchester
CO3 3DA

Dear Sirs

I hereby agree to accept the enclosed cheque for £17,193 in full and final settlement of all the work I have done for the Spicer haart Group. I waive all rights of copyright with regard to Spicer McColl images used in any form and agree that full title reverts to the Spicer haart Group.

Yours faithfully

Joe McGoldrick

17) In his written evidence, Mr McGoldrick firstly denies he paid this, secondly, that the font of the letter is consistent with other letters issued by SGS around the same time and provided in the same exhibit and, thirdly, that the address in the letter refers

to the “Spicer Haart Group”. Mr McGoldrick claims that his investigations at Companies House show that company number 4081664 did not change its name to “Spicerhaart Group Limited” until 14 July 2004, some 4.5 years after the purported letter from the company.

18) Mr Pollington struck me as an honest witness who provided considered and full answers to the questions posed of him.

19) Mr Pollington explained that he never stated that the contested document (or other unsigned documents in the same exhibit) were actually operative documents. He explained that he did not know or recall the provenance of the document but surmised that, as a best guess, it was drafted and circulated for internal discussion within SGS. He accepted that the document was not evidence that Mr McGoldrick had relinquished his IP rights to SGS in exchange for the sum identified in the document. He further explained that the fax number that appears at the top of the document, indicating where the document was sent to, was in fact a fax number internal to SGS.

DECISION FOR THE RESPECTIVE BAD FAITH CLAIMS

20) Section 3(6) of the Act states:

“(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

21) The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, “Bad faith in European trade mark law” [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C- 529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of

probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

Clann's claim to a right in the word mark SPICERHAART

22) It is helpful to begin by discussing the issue of Clann's claim to a right in the word mark SPICERHAART. This will assist the bad faith claims. It is clear that the actions of Clann in applying to register the mark SPICERHAART have been motivated by a very strongly held belief on the part of Mr McGoldrick that he has a historical right to the name because of the brand development work he undertook for SGS in the late 1990s and early 2000s. What is equally clear is that the parties fell out at that time and that it is Mr McGoldrick's strongly held belief that he has not received any or suitable recompense for the work undertaken and for his IP that was exploited by SGS. Whilst this dispute is clearly very important to Mr McGoldrick, its relevance to these proceedings is not clear for the reasons I discuss below.

23) At the hearing, Mr Holah, on behalf of SGS, states that at that time, no IP rights existed in the word combination SPICERHAART. He pointed out that, until Clann's recent application to register the mark, Mr McGoldrick had never attempted to obtain rights through registration nor had he, or Clann, used it. He submitted that, on the other hand, SGS were, at the time of the dispute, the umbrella company for a number of large estate agency businesses and has remained so since then. He drew my attention to the fact that they are the largest estate agency business in Europe. He took me to various examples in SGS's evidence illustrating that the name SPICERHAART is used on its own or in conjunction with other names identifying its estate agencies such as HAART.

24) In his written submissions and evidence, Mr McGoldrick claims that he owns the copyright in the branding designs he produced for SGS. It is not necessary for me to decide if Mr McGoldrick is correct in this belief or not, as the point was dealt with in the CMC on 9 September 2015 when I struck out Clann's opposition based on Section 5(4)(b) because it had no prospect of success. However, Clann has continued to run the argument that it still has some form of right in the word mark SPICERHAART despite Mr McGoldrick commenting on a number of occasions that he knows that, as a result of what I communicated to him at the CMC, the copyright claim does not assist his case.

25) For Mr McGoldrick's benefit, I will explain this further. The two works referred to in the agreement that assigned rights to Clann are "artistic and literary works". Section 1, Section 3 (1) and Section 4(1) of the Copyright, Designs and Patents Act 1988 state:

"1 - Copyright is a property right which subsists in accordance with this Part in the following descriptions of work –

- (a) original literary, dramatic, musical or artistic works,
- (b) sound recordings, films [or broadcasts], and
- (c) the typographical arrangement of published editions."

3 - Literary, dramatic and musical works.

(1) In this Part—

"literary work" means any work, other than a dramatic or musical work, which is written, spoken or sung, and accordingly includes—

- (a) a table or compilation other than a database
- (b) a computer program
- (c) preparatory design material for a computer program; and
- (d) a database;

[...]

(2) Copyright does not subsist in a literary, dramatic or musical work unless and until it is recorded, in writing or otherwise; and references in this Part to the time at which such a work is made are to the time at which it is so recorded.

(3) It is immaterial for the purposes of subsection (2) whether the work is recorded by or with the permission of the author; and where it is not recorded by the author, nothing in that subsection affects the question whether copyright subsists in the record as distinct from the work recorded.

and

"4 - Artistic works.

(1) In this Part "artistic work" means-

- (a) A graphic work, photograph, sculpture or collage, irrespective of artistic quality,
- (b) ...
- (c) A work of artistic craftsmanship"

(2) In this Part—

[...]

“graphic work” includes—

- (a) any painting, drawing, diagram, map, chart or plan, and
- (b) any engraving, etching, lithograph, woodcut or similar work;

26) The mark consists merely of the combining of two words. Therefore, it cannot be considered to be a literary work because its creation does not imply sufficient literary skill or labour (*Francis Day & Hunter Ltd v Twentieth Century Fox Corp* [1940] AC 112 PC).

27) The marks at issue consist of no original features in respect of style, presentation or colour. The mark does not consist of a “painting, drawing, diagram map, chart or plan” or “any engraving, etching, lithograph, woodcut or similar work” Consequently, there is no artistic contribution. Therefore, neither is the word mark SPICERHAART an “artistic work” within the meaning of the CDPA.

28) In light of all of the above, it is clear that the word mark SPICERHAART, or any variations of it such as those covered by Clann’s series of marks does not qualify for protection as an artistic work or literary work under the CDPA.

29) This has created uncertainty in my mind as to what other right to the name Clann is relying upon. I put this to Mr McGoldrick at the hearing. I received no plausible explanation. He did make reference to his involvement in a company that traded in medical equipment using the mark HAART at some time before his involvement with SGS in the 1990s. This does not assist Clann because, firstly, such use is for the mark HAART and not the contested mark SPICERHAART and, secondly, an undefined level of use at least a decade and a half ago in respect of goods that are totally unrelated to the services now listed in Clann’s specifications can in no way create any sort of right, residual or otherwise, in SPICERHAART in respect of estate agency-type services. In his counterstatement, Mr McGoldrick stated that SGS had prior knowledge of Clann’s use of the mark. There is no evidence that it, or Mr McGoldrick before it, has used the mark in respect of any of the services listed in the applications. I therefore dismiss Mr McGoldrick’s claim based on this purported prior use.

30) Whilst Mr McGoldrick clearly has a strongly held belief that through his transfer of all copyright works to Clann by way of an assignment dated 6 June 2013, it has rights over the word mark SPICERHAART, this is not supported in any way by the facts before me. Neither Mr McGoldrick, nor Clann have any historical earlier right in the mark SPICERHAART that would permit Clann to exert a senior user argument against SGS’s attempt to register the same mark.

31) In making such a finding, it renders the status of the document at Mr Pollington’s Exhibit 17/8 irrelevant to the outcome of the proceedings. Regardless of whether, back in 2000 or 2002, the document was fabricated does not change my finding regarding whether Mr McGoldrick has any historical rights in the mark SPICERHAART. Mr McGoldrick requested that I refer the matter of the claimed forged document to the police. I declined to do so. It is far from clear to me that it was forged. Mr Pollington’s statement under cross-examination that it was his best

guess that it was, in fact, an internal document never signed by Mr McGoldrick is plausible and concurred with my own independent view of the document. I need say no more on the matter.

SGS's bad faith claim against Clann's application (number 3042037)

32) I keep in mind that I have dismissed Clann's historical claim to a right to the contested mark when considering whether Clann's application to register the mark provides the necessary senior right over SGS's application. On the face of it, because it was filed 41 days earlier than SGS's application then it has the senior rights. However, SGS has challenged the application on a number of grounds, including bad faith.

33) There are two limbs to SGS's bad faith claim. The first of these is that Clann made a false declaration on the application form that it had a *bona fide* intention to use the mark in respect of the services listed. Mr McGoldrick provided two defences to this claim. Firstly, he relied on the lee-way provided by the proof of use provisions, namely that he does not have to show use of the mark until the five year period following publication of the mark has expired. He is confusing two different issues. The case against Clann is not that it hasn't used the mark in the period following publication, but rather that it has no intention of doing so and that this amounts to bad faith. Therefore, I dismiss Mr McGoldrick's reliance upon the five year proof of use period.

34) In addition, Mr McGoldrick relied upon an alternative submission. He took me to Exhibit JJBMcG-20 which consists of two pages, the first of which is a copy of a certificate of incorporation of a company named SPICERHAART FRANCHISES LIMITED, dated 22 April 2014 (a little over two months after Clann's application was filed). The other pages consist of a stylised representation of the mark SPICERHAART being used in mock-ups of an agency sign and a mock-up of it appearing on the side of a van. He submitted that this illustrated an intention to use that mark because he has set up the company to franchise the SPICERHAART brand of estate agents. I factor in this evidence together with the unchallenged evidence that he has routinely set up limited companies with names containing brands used by SGS, and the fact that there is the long-standing dispute between the parties.

35) Further, Mr Holah also relied upon the fact that Clann's application contained an identical list of services used by SGS in its application 3039028 HAART ZERO that was published two days after Clann's application was filed. Mr Holah states that Mr McGoldrick clearly knew of this application because he filed a notice of threatened opposition against it. I am not convinced by this because Mr McGoldrick may have only become aware of the application once it was published (and it was published AFTER Clann filed its application). Nevertheless, there are earlier registrations in the name of SGS that also have the identical list of services. In the circumstances, I find it unlikely that Mr McGoldrick has come up with an identical list without reference to SGS's earlier registrations. That said, this alone is not an indication of bad faith, but when viewed in the light of the surrounding circumstances, it is further support that Clann applied to register the mark because of Mr McGoldrick's desire to somehow claw back what he believed was his mark, rather than by any intention that Clann

would use it. When taking all of this into account, I remain unconvinced of Clann's intention to use the mark. Taking all of the circumstances into account, I conclude that Clann has no intention to use the mark.

36) Even if I am wrong that the evidence is insufficient to demonstrate Clann intended to use the mark, in light of Mr McGoldrick's knowledge (and therefore Clann's knowledge) of SGS's longstanding use of the mark as the name of the umbrella company for its numerous estate agency services, any use made by Clann would amount to bad faith.

37) This feeds into the second limb of SGS's claim to bad faith, namely that Clann's application amounts to bad faith because Clann is attempting to obtain rights in a mark that belongs to "a third party with whom [Mr McGoldrick] had contractual or pre-contractual relations". Mr Holah submitted that this claim finds support from Richard Arnold QC (as he then was) sitting as the Appointed Person in *BRUTT* [2007] RPC 19 where he quoted with approval at his paragraph 94 (not 95 as referenced in Mr Holah's submission), the following extract from the OHIM's cancellation division in *DAAWAT Trade Mark* (Case C000659037/1) that states:

"Bad faith can be understood either as unfair practices involving lack of good faith on the part of the applicant towards the office at the time of filing, or unfair practices based on acts infringing a third person's rights. There is bad faith not only in cases where the applicant intentionally submits wrong or misleading by insufficient information to the office, but also in circumstances where he intends, through registration, to lay his hands on the trade mark of a third party with whom he had contractual or pre-contractual relations" [my emphasis]

38) It is common ground between the parties that Mr McGoldrick was commissioned to develop various brand identities for SGS in the late 1990s and early 2000s. Further, as Mr McGoldrick made abundantly clear to me at the hearing, he feels very strongly that the products of this work in the form of IP rights reside with him and not SGS. SGS are using or have used the products of this work in the branding of its umbrella company and numerous of its estate agency businesses. I do not need to decide whether SGS is in breach of copyright, as I explained to the parties when I struck out Clann's grounds based upon Section 5(4)(b). Clann's application is in respect of the word only mark SPICERHAART. No copyright resides in these words. Mr McGoldrick submitted at the hearing that that being the case, nobody has any rights in SPICERHAART. However, SGS have, and do use, SPICERHAART to identify the umbrella company. Further, it is also used as the identifying mark of a subsidiary that conducts its corporate property services. I am in little doubt that Mr McGoldrick is fully aware of all of this use. Despite this, Mr McGoldrick still believes he cannot and should not be stopped from using the mark in the estate agency field.

39) Whilst I have sympathy with Mr McGoldrick's position, it does not change the fact that, despite his belief to the contrary, he had no rights in the word mark SPICERHAART at the time he applied to register the mark, but he did have knowledge of SGS's activities and use of the words to identify the umbrella company of its variously branded estate agents. Mr McGoldrick appears to have justified his action on the basis of his misguided belief that he has historical rights in the word

mark. The established case law states that the applicant's own standards of acceptable commercial behaviour are irrelevant in my considerations (*AJIT WEEKLY Trade Mark* [2006] RPB 25). Despite Mr McGoldrick's beliefs regarding who created the mark, in the face of his knowledge of SGS's longstanding use of the name, his application must be considered as an attempt to somehow limit SGS's use of the name and an attempt to claw back, what he mistakenly believed was his. This falls short of the standards of acceptable commercial behaviour. Whilst I was unconvinced by Mr McGoldrick's submissions that Clann intended to develop its own estate agency franchise using the SPICERHAART mark, if I am wrong, I note that Mr McGoldrick stated the following at the hearing:

"It [Clann's application] has not been, as the opponent says, a blocking right. I have no intention to do that. I have other areas that the opponent does not actually operate in, predominantly in the Scottish market."

40) Such an intention ignores the fact that a trade mark registration creates a national right that could be used to disrupt SGS's own use of the name in the parts of the UK where SGS operates. In light of the strength of Mr McGoldrick's feelings regarding the issue of rightful ownership in the name, I would go as far as to say that I consider likely that he would use a registration in this way.

41) In summary, I find that Clann's application was made in bad faith because:

- a) It has no intention to use the mark but, even if I am wrong then;
- b) It's intention was to disrupt the activities of SGS and was a misguided attempt to claw back perceived ownership of the mark.

Clann's claim that SGS acted in bad faith when applying to register SPICERHAART (application number 3048491)

42) Mr McGoldrick's case is based on a number of submissions. The first of these is that Mr McGoldrick is the original owner of IP in all SPICERHAART marks he developed for SGS in the late 1990s and early 2000s. At the hearing, Mr Holah conceded that this work was undertaken by Mr McGoldrick. The evidence does provide some support for Mr McGoldrick's submission that he retained the copyright in the work. In particular, a number of exhibits from that time consisting of documents produced by SGS, contain copyright notices identifying Mr McGoldrick as the holder of the copyright in certain works. Any copyright held by Mr McGoldrick was assigned to Clann in June 2013. However, Clann's claim is flawed because SGS's application is in respect of the word mark SPICERHAART and not any stylised or logo version of the mark. As I explained to Mr McGoldrick at the CMC, when I struck out Clann's grounds based upon Section 5(4)(b), no copyright resides in a simple word mark such as this. Consequently, SGS's application for a plain word does not infringe any copyright in artistic or literary works.

43) As I have already discussed, Mr McGoldrick appears to be under the misapprehension that Clann is the owner of the word mark SPICERHAART and that because SGS are aware of this then it has acted in bad faith. On the contrary, SGS has been represented from the outset and even if it did not understand the difference between trade mark rights and copyright, its representative clearly would have.

Therefore, its application would have been made in the knowledge that there was no obvious IP right residing in the mark, other than what may be created by Clann's application to register the mark itself. I conclude that Clann does not have any rights to the word SPICERHAART, other than any rights that survive SGS's attack upon Clann's application. I have already found that that application was made in bad faith. Therefore, Clann has no historical rights in the mark or any rights arising from its application to register the mark.

44) In addition, Mr McGoldrick submits that SGS's application is purely reactionary to his own application to register the mark SPICERHAART (and variations of the same) and, as a consequence, it does not comply with the requirements of Section 32(3) of the Act which reads:

“32. - (1) An application for registration of a trade mark shall be made to the registrar.

(2) ...

(3) The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a bona fide intention that it should be so used.”

45) In this case, there is a difference between, on the one hand, what prompted SGS to apply to register SPICERHAART and, on the other, whether it intends to use its mark in respect of the services listed in its application. It was admitted at the hearing that the application was filed as a reaction to Clann's application. However, it does not immediately follow that SGS does not intend to use its mark. On the contrary, the history of SGS, having a long and established presence in the estate agency field and long use of the name SPICERHAART as the umbrella company for its estate agency brands, leads to a conclusion that it does intend, or is already using the mark in respect of the services listed. Therefore, I dismiss Clann's claim based upon non-compliance with Section 32.

46) Finally, Mr McGoldrick cites an apparent claim by Walter Smith (Exhibit JJBMcG-12) in 1998 that SGS had “trade marked” the mark SPICERHAART. I fail to see how that would in any way inform SGS's decision to apply to register a mark that, for the previous 14 or so years has identified the umbrella company of its various estate agency businesses. Whether Mr Smith's statement was true or false is irrelevant. In 2014, SGS was fully entitled to apply to register the mark. It does not appear to conflict with any earlier mark other than Clann's attempt to register the mark. SGS filed its application in response to Clann's application to protect its market position and its long history of using SPICERHAART. There is no impropriety in a party countering an application in respect of identical services and an identical name to one that it has been using for many years. It would merely be attempting to legitimately protect its position in the market place. This is especially so when the controlling mind behind the applicant for the earlier mark is someone who has a dispute with the company with a history dating back nearly 15 years.

47) In light of this factual background, I find that SGS did not act in bad faith when applying to register the mark SPICERHAART. Rather, it appears to be a prudent business decision made in an attempt to protect its position as a sizeable player in the estate agency field.

Other grounds

48) In light of my finding that Clann's application was filed in bad faith, SGS's opposition has been wholly successful based upon its Section 3(6) grounds. Therefore, it is not necessary for me to consider the grounds based upon Section 5(2) or Section 5(4)(a).

CONCLUSIONS

49) SGS's opposition against Clann's application 3042037 is successful and the application is refused.

50) Clann's opposition to SGS's application 3048491 fails and it may proceed to registration.

COSTS

51) SGS has been successful in respect of both of the consolidated proceedings and is entitled to a contribution towards its costs.

52) At the hearing, Mr Holah submitted that costs based on the published scale (see Tribunal Practice Notice 4/2007) are appropriate with the exception of the costs associated with the cross examination of Mr Pollington. In respect of these costs, he submitted that because the cross-examination was, as it transpired, in relation to a document that has no bearing on the outcome of the proceedings, then SGS is entitled to the unnecessary costs of Mr Pollington attending the hearing. I agree and ***I allow 14 days from the date of this decision for SGS to submit a schedule of costs relating to Mr Pollington's attendance together with receipts, where appropriate. Clann is permitted a further 14 days to make submissions on the schedule, if it so wishes.*** I will then issue a supplementary decision on costs.

Dated this 16th day of March 2016

**Mark Bryant
For the Registrar,**