

O-267-10

**TRADE MARKS ACT 1994**

**IN THE MATTER OF AN APPLICATION TO INVALIDATE (UNDER NO 83274)**

**TRADE MARK REGISTRATION 2444069 FOR THE MARK:**

**ARGYLL ARCADE**

**STANDING IN THE NAME OF:**

**ARGYLL ARCADE PROPERTIES (GLASGOW) LTD**

**TRADE MARKS ACT 1994**

**In the matter of an application to invalidate (under no 83274)  
trade mark registration 2444069 for the mark: ARGYLL ARCADE  
standing in the name of: Argyll Arcade Properties (Glasgow) Ltd**

**Background and the pleadings**

1) The trade mark ARGYLL ARCADE the subject of these invalidation proceedings was filed on 19 January 2007 by Argyll Arcade Properties (Glasgow) Ltd (hereafter "Properties"). The trade mark completed its registration procedure on 14 March 2008. The mark is registered in respect of:

**Class 14:** Jewellery; imitation jewellery; precious stones; semi-precious stones; horological and chronometric instruments; precious metals and their alloys and goods made of precious metals or coated therewith; parts and fittings for the aforesaid goods.

**Class 35:** Retails services connected with the sale of jewellery, glassware, silverware, crystal ware, paper goods, giftware; information, advisory and consultancy services relating to all of the aforesaid services.

2) The applicants for invalidation are Lewis Grant (a Scottish Partnership) (hereafter "Lewis") and Laing the Jeweller (Glasgow) Limited (hereafter "Laing"). Both list their addresses as being in Argyll Arcade, Glasgow (numbers 51 and 48/49 respectively). Another party (Martin Groundland & Co Limited) was also, initially, a further joint applicant for invalidation, but it has since ceased to be so. The grounds of invalidation pleaded under the Trade Marks Act 1994 ("the Act") are as follows:

- 3(1)(b) That the mark is devoid of any distinctive character because it consists of a partial address, one shared by several other businesses.
- 3(1)(c) That the mark describes the geographical origin of the goods and services of the registered mark. It is stated that Argyll Arcade is an area of Glasgow with a reputation for jewellery.
- 3(1)(a) That the mark is not capable of distinguishing any goods which it may offer from those of other undertakings.
- 3(6) That the mark was obtained and has been used in bad faith because Properties knew, or should have known, that it had no exclusive right to the trade mark. It is also stated that Properties have attempted to obtain financial gain from other businesses (including Lewis/Laing) who are entitled to use and continue to use the words Argyll Arcade without hindrance from Properties.

3) Properties filed a counterstatement denying the above grounds. It states that no other trader retails or manufactures jewellery under the trade mark ARGYLL ARCADE. It states that its trade mark would not be infringed by the use of a person as part of its own address, so there is no conflict with the freedom of the applicants

from using the designation Argyll Arcade as part of their addresses<sup>1</sup>. Properties state that the term is only part of an address and it also highlights that the majority of famous shopping centre names have been registered as trade marks for a number of years (various examples are provided). Properties state that ARGYLL ARCADE is the name of an arcade and not the name of a geographical location (such as Bond Street). The arcade is situated in Buchanan Street not Argyll Arcade. It makes a comparison with a department store which houses the concessions of other businesses within its premises.

4) In relation to the section 3(6) claim, Properties state that it was free to file an application for the trade mark in question and that it has the exclusive right to use it in the same way as the owners of other trade mark registrations for the names of shopping arcades and centres. It says that it has offered to licence the trade mark to others, including Lewis and Laing, for trade mark use beyond the use of an address (it highlights, again, that the businesses in the arcade are able to use the name in their addresses). It also states that one of the applicants, Lewis, is economically linked to Rox (UK) Ltd (hereafter “Rox”) who own the domain name www.argyll-arcade.com which is a directory of jewellers in the arcade, but that the underpinning website gives greater prominence to those with which it is economically linked. Properties state that such action is inconsistent with the bad faith claim made against it.

5) Both sides filed evidence. Neither side requested a hearing (despite the Intellectual Property Office indicating that one would be useful), both opting instead to file written submissions. The submissions of Lewis and Laing were provided by Douglas Thomson of Marks and Clerk, the submissions of Properties were provided by Ms Ann Bashir of Murgitroyd & Company.

### **The evidence**

6) Rather than summarise the evidence of each witness separately, I will set out the main facts and issues that all of the evidence covers, drawing from the separate witness statements accordingly. However, for the record, I should set out who the evidence filers are. For the applicants for invalidation, evidence comes from:

- i) Grant Mitchell, the managing director of Lewis. Mr Mitchell is also a director of Rosebank Holdings Limited (“Rosebank”) a company which “owns” Rox and, also, Antwerp Diamond Company (UK) Limited (“Antwerp”).
- ii) William Stuart Laing, the managing director of Laing.
- iii) Greg Jack Benson, a director of Martin Groundland & Co Limited.
- iv) Graham Bell, a solicitor with Wright Johnson & Mackenzie who are the legal advisors to the proprietors who share the ownership of Argyll Arcade’s “common property”.
- v) Kyron Keogh, the managing director of Rox.

---

<sup>1</sup> This is a reference, in part, to the “savings” provisions contained in section 11(2)(a) of the Act.

vi) Written submissions were also filed at this stage by Marks & Clerk.

7) For the registered proprietor, evidence comes from:

vii) Ian Hill, the managing director of Properties (up until February 2008 when he retired on ill-health). Mr Hill was also a director of some other companies which I will refer to later.

viii) Anjum Sheikh Bashir, a trade mark attorney with Murgitroyd & Company, the firm with conduct of these proceedings on behalf of Properties.

8) For the applicants for invalidation, reply evidence comes from:

ix) Kyron Keogh – most of this reply evidence is in the form of a critique of Mr Hill's evidence. Whilst the critique will be borne in mind it will not be included in the summary of the evidence filed. Any new relevant factual evidence will, though, be recorded.

9) It should be noted that various parts of the evidence are redacted as it contained *without prejudice* information. The redaction followed an interlocutory hearing on this matter. I confirm that I have not had sight of any *without prejudice* information.

### ***The Argyll Arcade - its history and reputation***

10) Much of the evidence about Argyll Arcade is provided by the applicants for invalidation. That being said, there is no real dispute from the registered proprietor as to what Argyll Arcade is. Mr Bell describes it as an L-shaped passageway running between Argyll Street and Buchanan Street [in Glasgow] which incorporates an array of shops owned by different proprietors. Plans of the arcade are shown in Mr Bell's Exhibit GB1. He says that there are approximately 40 units in the arcade half of which are traded by individual proprietors with the remainder being leased out. The arcade was constructed in the late 1820s.

11) What is clear from the evidence is that Argyll Arcade has become a focal point for the retail of jewellery and associated goods and services. All of the witnesses (save for Mr Bell and Ms Bashir, who are both legal practitioners) are/were involved in such a trade. Mr Mitchell's evidence provides detail about Argyll Arcade's reputation. He conducted an Internet search for the term "Argyll Arcade". The hits retrieved include a hit for a website at [www.argyll-arcade.com](http://www.argyll-arcade.com) (I will come back to this website later), hits for individual retailers<sup>2</sup> who have shops in Argyll Arcade, and hits relating to general information about Glasgow, its architecture and its shops. Mr Mitchell highlights one, GNWS (an accommodation and sightseeing guide for Glasgow) which reads:

---

<sup>2</sup> Fraser Hart, James Porter & Son, Laing, Hilson Jewellers

“The Argyll Arcade was built in 1828 and by the 1840’s it housed many luxurious shops. It was redesigned in 1962 and to this day is predominantly full of fantastic jewellery.

The Argyll Arcade is also home to some of the best jewellery designers in Scotland using unique designs and selling some stunning pieces. You will also find many high street stores and also some of the best diamond specialists in Glasgow making made to measure items.

The Argyll Arcade is a must see in Glasgow whether you are looking to purchase something special or just to take in the great atmosphere and do some window shopping.”

12) Mr Mitchell singles out two other hits (although they are not actually in the Internet search provided in the evidence), one for Fodor’s travel guide and one for the Lonely Planet travel guide, the latter apparently states:

“Put rings on your fingers and bells on your toes in Glasgow’s famed jewellery precinct. This old covered shopping street is jam packed with modern and antique jewellery shops. Choose from traditional Scottish designs or sleek, chic numbers. Look up as you peruse the shops – John Baird’s eye-catching roof is as much a jewel as the baubles for sale.”

13) Mr Laing’s evidence also makes reference to the GNWS website. A print is contained in his exhibit WSL1 which carries the same text as set out above. The print in the exhibit also includes a picture of the outside of Argyll Arcade. Mr Laing highlights in this picture a red awning labelled ARGYLL ARCADE which he says is mirrored at the other end of the arcade. He states that there is also a plaque on the column at the entrance which reads 30 ARGYLL ARCADE. He states that both names are clearly used as a banner to proclaim the presence of the Argyll Arcade as a shopping entity in itself and to identify the multitude of shops in the arcade.

14) Mr Keogh, in his evidence, also refers to the fame of Argyll Arcade in relation to jewellery and timepieces. He provides a report (shown in his Exhibit KK6) of key phrases used in Internet search engines which have resulted in traffic visiting the website [www.argyll-arcade.com](http://www.argyll-arcade.com). Between January 2008 and November 2008, 13,180 users entered search terms containing “Argyle Arcade” (or a misspelling of it). Between January 2007 and December 2007 the figures were 12,237<sup>3</sup>. Data is also provided regarding Rox’s *Google Adword* campaign which was set up on 5 June 2006 to direct traffic to [www.argyll-arcade.com](http://www.argyll-arcade.com). An advertisement for this website appears on the results page of relevant *Google* Internet searches. The data in KM7 shows that around 44% of those searching for Argyll Arcade (or derivatives of it) click-through via this advertisement. The numbers of people searching have also increased from around 5000 in 2006 to 13,000 in 2007 to just under 15,000 in 2008.

---

<sup>3</sup> I should, however, ignore 1200 searches from the 2007 statistics because they relate to terms that do not include Argyll Arcade and although the search may have identified the [Argyll-arcade.com](http://www.argyll-arcade.com) website, this does not show users looking specifically for it.

15) Mr Bell, in his evidence, highlights that aside from its association with the jewellery trade, Argyll Arcade is listed as a building of historical and architectural interest on the website of Glasgow Architecture (his Exhibit GB2 refers).

### ***Argyll Arcade – ownership and the “Deed of Conditions”***

16) Mr Bell’s evidence highlights that all of Argyll Arcade once belonged to the Cranston family who, in 1921, sold off the shop units whilst retaining certain premises for its tea room business. He says that for this purpose a “deed of conditions” (“the deed”) was granted setting out the conditions for divided ownership, upkeep and management of the common portions of the arcade. The deed is shown in Mr Bell’s Exhibit GB3. Mr Mitchell also refers to the deed which, he says, the arcade’s proprietors must subscribe to. Mr Laing also makes reference to it in his evidence.

17) In terms of the deed itself, Mr Bell states that it sets out certain rights and obligations to which each proprietor is bound when taking ownership of a property in Argyll Arcade. Separate conditions may also apply to each individual shop which will be set out in the individual title deeds. A list of proprietors is shown at Exhibit GB4, all of whom have to pay a service charge to the Factors<sup>4</sup> of the arcade. In Exhibit GB5, Mr Bell exhibits a summary of the deed that he prepared for a proprietor’s meeting. It is dated 28 May 2008. It includes a reference to the deed’s “common property” which, Mr Bell suggests in his summary, could include trade marks and domain names.

18) Mr Bell states that the legal status of the proprietors of the arcade is that of an unincorporated association with limited liability. He states that although the deed defines rights and obligations in connection with common property, it does not create a body capable of holding property separate from the individual proprietors. He says that the deed envisaged the walk-through mall as being the only common property and that whilst the deed provides a role for a Factor to collect and hold service charges, it did not envisage the proprietors having rights in other common property such as intellectual property [I note that this is in contrast to what he stated in the summary of the deed referred to in the preceding paragraph].

19) Mr Bell states that the deed envisaged the creation of a committee of management (“the committee”) comprising proprietor representatives to manage the common portions of the arcade and also to provide the role of Factor to hold the bank balance. The Factor also takes on responsibility as the employer of security staff. He says that the deed leaves gaps regarding domain names and trade marks and this is what has led to some of the proprietors taking individual action (such as the registration of domain names and, also, the subject trade mark). Mr Bell considers that this gap could be filled by the creation of a third party vehicle to hold property controlled by the committee. This course of action was suggested to the domain name owners (Rox) and the trade mark holder (Properties) together with an offer to meet the costs of registering them. Whilst Rox agreed to this, Properties did not. Exhibit GB7 contains a letter from Properties which states that:

---

<sup>4</sup> A Scottish term meaning property manager

“we believe, we are not obliged nor inclined to hand over our trade names, trade mark and domain name to the other proprietors.”

20) Mr Bell views this response, as he understands it, that its director, Ian Hill, believes that Properties and its related company Argyll Arcade Proprietors' Association Ltd<sup>5</sup> (“the Association”) have provided protection for 45 years by virtue of them being registered as companies at Companies House using the Argyll Arcade name.

21) Mr Bell states that the proposal (to form a property holding company) was briefly discussed at a general meeting of the proprietors on 29 May 2008. He states that it was around this time that Haper Macloed sent letters threatening legal action against Rox relating to the domain name and, also, letters to the other proprietors/traders in the arcade offering to licence the use of the name Argyll Arcade. He says that these letters relating to the use of a name which is both the postal and trading address of all the proprietors and a distinctive shopping destination in Glasgow is what led to the making of the application for invalidation. The applicants have, apparently, taken steps to ensure that the proprietors (except for Properties) have been keep advised of the action.

22) Mr Hill (for Properties) also refers to the deed (he exhibits a copy at his Exhibit IH5) and, also, to three legal opinions about it unconnected with these proceedings, namely:

Exhibit IH6: a letter from Thorntons Solicitors to Mr McDermitt of Brechin Robb dated 2 March 1992.

Exhibit IH7: an opinion from Professor AJ Macdonald for the committee dated 13 January 1989.

Exhibit IH8: an opinion of Professor Robert Rennie for Mr Hill and Properties dated 1 February 2001.

23) The latter opinion relates to the issue of a public address system in the Arcade. The issues in the first two opinions are less clear. Mr Hill highlights that the various comments indicate that the committee have very limited powers and that there is no direct power in relation to repairs, renewals or works that might be regarded as renovation or improvement. Mr Hill believes that this supports his view that due to such limited powers, the committee can be an advisory body but not an executive body and that it cannot be a limited company. Mr Hill states that although the applicants seek to speak for members of the arcade and seek to rely on the deed, they clearly have no authority to do so under the very deed on which they rely.

24) Mr Hill also refers to the Association (of which he was a director) which he says was set up:

---

<sup>5</sup> This company was registered in 1963 but dissolved in 2001 – exhibit GB8 provides Companies House details for both this company and for Properties.

“because the then solicitor managing the legal affairs of the residents of the arcade was Ian Roger of Bechin Robb. He asked my father, Oscar Hill’s permission to use the name Argyll Arcade Proprietor’s Association, and it was then subsequently incorporated as a limited company on 25 April 1963, i.e. a whole year after the original Argyll Arcade Properties (Glasgow) Limited..”

25) Mr Hill states that the Association was set up for the purpose of managing the business of the arcade. He also provides Companies House details relating to the Association including a list of directors who, Mr Hill says, were all members of the committee acting for the residents of the arcade at that time. He says that it later transpired that there was no provision in the deed for a limited company to be incorporated to undertake such a purpose and that when he became the only director left of it, and having resigned as chairman of the committee, he dissolved the company. The circumstances leading to Mr Hill becoming the last remaining director of the Association relate to a legal action against the Association by certain of the jewellers on the basis that the concept of an association was not legal and that the deed had no provision for it. Reference is also made to the Annual General meeting of the Proprietors in 1997 when Ms Kate Kirke of Chesterton (acting for the Prudential – although their role in this is not clear) stated that “as the Limited company had not been legally formed, the proprietors could refuse to contribute to a share of costs”. Through all this, five committee members (who had presumably set up the Association) were apparently sued, and all five, who were also directors of the Association, resigned from it – he adds that as none of the other proprietors were interested in continuing the Association, it was voluntarily wound up. He states that this contradicts the applicants’ assertion that the jewellers in the arcade are the proprietors of the name ARYGYLL ARCADE as, in fact, there is nothing in the deed that allows them to own or set up an association (unlimited), let alone a limited company.

***Mr Hill’s previous roles and his claim to ownership/guardianship of the Argyll Arcade name***

26) I have already highlighted that Mr Hill was the managing director of Properties until his retirement in February 2008. Mr Hill has, though, undertaken directorship roles in other companies which may be relevant to these proceedings. The position is as follows:

In 1962 a company was incorporated under the name The Argyll Arcade Properties (Glasgow) Limited. Its company number was SC037262. This is not the registered proprietor of the trade mark in question. Mr Hill was managing director. His brother, Anthony Hill, and his mother, Irene Hill, were also directors. The company was dissolved in February 1992.

The dissolution of the above company was due to a decision between Mr Hill and his brother to split the assets of the above company. It was agreed that Mr Hill would “retain the name Argyll Arcade”.

Prior to the dissolution of the above company, a new company was set up called Paratus (No 201) Limited. Mr Hill’s assets in the above company were

transferred to this new company. There were then changes of name to both companies so that the original company became Paratus (No 201) Limited and the new company (to which Mr Hill's share of the assets had transferred) became Argyll Arcade Properties (Glasgow) Limited (company number S130437). This is the registered proprietor.

Mr Hill was managing director of the new company from May 1991 (when it was incorporated) until 8 February 2008 when he retired due to ill health. He was also the secretary of this company.

Mr Hill was also a director of the Argyll Arcade Proprietors' Association Limited. I have already provided some background to this company in paragraphs 24-25 above so I do not need to say anything more about it here.

27) In terms of Mr Hill's claim to ownership/guardianship of the name ARGYLL ARCADE, he exhibits at IH5 a letter dated 8 January 2001 from Spiers Parnie (a property management company) addressed to the proprietors of the arcade and, also, an extract from the minutes of a proprietors' meeting. The intimation from Mr Hill is that these minutes accompanied the letter from Spiers Parnie. Mr Keogh, in his reply evidence, states his belief that the minutes are from a meeting dated 12 November 2002. In any event, the letter includes information detailing Mr Hill's claim to be the:

“guardian of the name “Argyll Arcade””.

28) Spiers Parnie explain in the letter that they are liaising with the proprietors' legal representatives on this matter and

“propose to continue to do so should we need to have any further debate with Mr Hill”.

29) In the minutes of the meeting a discussion also took place regarding the Association with Mr Hill explaining, according to the minutes, that it was set up to preserve the name Argyll Arcade and in order that the accounts could be independently assessed. It was also explained that Mr Hill was the sole director but that other proprietors could join the Association. In relation to this, Mr Hill states that he has, therefore, claimed ownership/guardianship since at least 2001 and that this has never been contradicted. Similarly, he highlights that no challenge has/was made to his directorship of the Association.

***The domain name: [www.argyll-arcade.com](http://www.argyll-arcade.com) and its underpinning website***

30) Mr Keogh's (the managing director of Rox) evidence focuses on the domain name and the underpinning website at [www.argyll-arcade.com](http://www.argyll-arcade.com) which Rox own/operate. He states that the website has been in use since at least 2005 (*Whois* information in Exhibit KK1 confirms the domain name ownership). He explains that the website was set up as a marketing tool to advertise Argyll Arcade and that from its inception all of the traders in the arcade have been listed on the website with sponsored links available to those who wished to advertise more prominently. Exhibit KK2 is a print from the website. It shows a plan of the arcade and the retailers within

it, together with information about the arcade and its location. Also included is an A-Z directory of the traders. It is in alphabetical order. However, above the A-Z listing are four “sponsored links” for four of the traders, namely Rox, Hilson, Antwerp and Lewis. Mr Keogh states that the A-Z list is exhaustive of all the traders (except for Diamond International, who did not wish to be included) and includes both proprietors and tenants.

31) In relation to Diamond International, Mr Keogh states that this is the trading name of a jewellery store at No 5 Argyll Arcade which is owned by Properties, of which Mr Hill is a director. Exhibit KK3 is an extract from Companies House for Properties showing that No 5 Argyll Arcade is on its mortgage register. It is stated that Diamond International originally appeared on the website but it was removed when Mr Hill indicated that he did not wish it to be included. Exhibits KK4 & KK5 contain correspondence between Rox and Mr Hill (via their legal representatives) from the first half of 2007. A lot of the information in these letters is redacted as it has been identified as without prejudice, but from the remaining content, Properties appeared to be concerned that the website was not a true marketing site because the “contact us” part of the website for telephone contact simply went to security personnel with no capacity to transfer calls through to traders and, furthermore, that the a-z listing was not an actual a-z listing (presumably due to the sponsored links). Rox, in these letters, maintains that the website does provide an a-z listing and that it is common for sponsored listings to also appear. In his evidence, Mr Keogh says that the cost of the website was covered by Rox. He adds that no payment regarding the sponsored links was ever requested (although it was mooted).

32) Mr Keogh states that Rox’s only intention was to protect and promote the reputation of Argyll Arcade and to benefit as a retailer in the arcade from the increased reputation and awareness of it. He refers to the suggestion (by Mr Bell) that the ownership of property such as domain names and trade marks should be held by a company set up to protect the rights of all the proprietors of the arcade. This suggestion appears to have followed an approach to Rox by Mr Hill to:

“Let us know that the Diamond International Business was up for sale and that he owned a trade mark for ARGYLL ARCADE that a “company down south” was interested in.”

33) Mr Mitchell also refers in his evidence to the domain name and website which, he says, lists all traders and which was set up after discussions between Lewis and Rox. Mr Mitchell provides as an exhibit a letter from Michael James (another trader in Argyll Arcade) to Lewis entitled “Argyll Arcade Index – Website”. The letter is dated 18 December 2006 and states:

“A short note to say that we are in favour of you setting up the Argyll Arcade Index. I have spoken to Gordon and he has asked me to forward details to you as when they are available.

I hope the remainder of the Argyll Arcade use this as a good merchandising tool.”

34) Mr Laing also refers to the website in his evidence. Laing has an entry on it which he says was taken up at no cost. He states that he has found it to be an effective advertisement for the arcade and that it enhances its reputation. He says that the website is a valuable tool made available to all of the arcade's traders. Mr Benson makes similar comments to those of Mr Laing.

35) For Properties, Mr Hill states that no suggestion was made to transfer the domain name to a company of common ownership when he originally complained (presumably to Rox) about it. He also highlights that such a transfer would not be possible as the deed does not permit a limited company to be set up. He assumes that any holding company would have Rox and the other applicants as directors and, therefore, it would be just something to suggest to the outside world that the domain name is commonly owned when, in fact, it is not. Mr Hill highlights that Rox cannot change the deed as this would require the permission of all proprietors. He highlights that there is a link (evidence in IH10 supports this) between the applicants for invalidation and Rox, and that Rox did not join with them because they have acted themselves in bad faith when registering the domain name – he suggests that this is a flaw in the application for invalidation. He highlights that the website gives more prominence to the connected companies of Rox, Antwerp and Lewis. He states that the only other party who took a sponsored link was Hilson who requested that it be added. He highlights that at least one of the applicants, due to its connection with Rox, is alleging that no one proprietor has an exclusive right to the trade mark whilst claiming exclusivity in the domain name. He highlights that the website gives a competitive advantage over other traders in the arcade. Mr Hill argues that Rox and the applicant (presumably Lewis) have acted in bad faith with its domain name. When challenged they [Rox] indicated that they were entitled to it. When Mr Hill registered the trade mark they maintained that he was not entitled to it and suggested the common ownership solution in an attempt to show good faith but in the knowledge that the deed did not permit this. He states that he registered the trade mark in good faith.

### ***The offer to license the ARGYLL ARCADE trade mark***

36) There is no dispute between the parties that Properties approached the businesses in Argyll Arcade offering to licence the trade mark the subject of these proceedings. An example of an approach can be seen in Exhibit GM2 of Mr Mitchell's evidence. It consists of a letter from Harper Macleod (on behalf of Properties) dated 30 June 2008. After highlighting the existence of the registered trade mark the letter states:

“Accordingly, our client is entitled to the exclusive use and to permit third parties to use the trade mark in the course of business in the aforementioned fields, other than as may be necessarily required by third parties as a statement of the address of their business.

As your business is situated within Argyll Arcade, we are writing to ascertain whether you wish to take a license to use the trade mark in connection with the carrying out of your business. The fee in respect of taking such a licence would be £2000 per annum.

The license would provide you with the right to use the trade mark in connection with your business within the aforementioned fields including, inter alia, within advertising and marketing materials, in a media related context, as a sponsored keyword for search engine listing purposes and within domain names and website meta tags and such like.”.

37) Mr Mitchell states that a monopoly for the trade mark ARGYLL ARCADE by just one of the proprietors who attempts to make money from leasing the use of the name cannot be right or just. The name is one he is proud to be associated with and which should be available for all Argyll Arcade retailers to use in ways which enhance and strengthen the Arcade’s reputation. Mr Laing also received a letter from Harper Macleod and he says that other retailers also received them. He states that the ownership of the trade mark ARGYLL ARCADE by just one of the proprietors, who then attempts to make money from leasing the use of the name as a marketing tool, should not be permitted. Mr Benson also attests to the receipt of a letter from Harper Macleod. He says that the website is available to all traders and, like the brand ARGYLL ARCADE, should remain so. Mr Keogh received a letter in his capacity as a director of Antwerp. He says that given the repute of the arcade and its common ownership and management by over 30 traders, the ownership and monopoly of the trade mark ARGYLL ARCADE by one of these traders is unfair and unjust and should not be allowed to continue.

38) Mr Hill, on behalf of Properties, admits that such letters were sent in relation to the prospective licensing of the trade mark (his Exhibit IH11 is a version of it sent to Antwerp). Mr Hill highlights that this was purely for the use of the name ARGYLL ARCADE as a marketing tool and not as an attempt to exhort money in return for the proprietor’s use of Argyll Arcade in their addresses. He highlights that the letter makes it clear that the trade mark does not interfere with any use as part of an address.

### **Other shopping mall trade marks**

39) The only evidence not referred to so far comes from Ms Bashir. Her evidence is filed to introduce into the proceedings numerous examples of UK and Community trade marks for the names of what she says are famous/well-known shopping malls. She says that this demonstrates that such names are capable of registration and that such registrations do not interfere with a retailer’s use of the name as part of its address. I will refer back to the examples given in evidence later, if necessary.

### **The section 3(6) ground of invalidation**

40) Section 3(6) of the Act states that:

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

41) Bad faith includes dishonesty and “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and

experienced men in the particular field being examined”<sup>6</sup>. It is necessary to apply what is known to as the “combined test”<sup>7</sup>. This requires me to decide what Properties knew at the time of making the application and then, in the light of that knowledge, whether its behaviour fell short of acceptable commercial behaviour. In terms of the knowledge of Properties, this can be based upon the knowledge of Mr Hill because, at the time of making the application for registration, it is clear from the evidence that Mr Hill was the controlling mind behind the company. Bad faith impugns the character of an individual or the collective character of a business, as such it is a serious allegation. The more serious the allegation the more cogent must be the evidence to support it. That being said, whilst I bear in mind the evidential burden, I also bear in mind the judgment of the Court of Appeal in *Stephens v. Cannon* [2005] EWCA Civ 222 (14 March 2005) where it was stated that a decision taker should not resort to the burden of proof for the purpose of determining issues in civil proceedings unless he or she cannot reasonably make a finding in relation to the disputed issue or issues on the basis of the available evidence, notwithstanding that he or she has striven to do so.

42) In terms of bad faith, I note the judgment of the European Court of Justice in *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07 (“*Lindt*”) where it was stated:

“35 It is also apparent from that provision that the relevant time for determining whether there was bad faith on the part of the applicant is the time of filing the application for registration.

36.....

37 Whether the applicant is acting in bad faith, within the meaning of Article 51(1)(b) of Regulation No 40/94, must be the subject of an overall assessment, taking into account all the factors relevant to the particular case.

38 As regards more specifically the factors specified in the questions referred for a preliminary ruling, namely:

- the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought;
- the applicant’s intention to prevent that third party from continuing to use such a sign; and

---

<sup>6</sup> See *Gromax Plastics Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

<sup>7</sup> See the judgment in (1) *Barlow Clowes International Ltd. (in liquidation)* (2) *Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* Privy Council Appeal No. 38 of 2004 and also the decision in *Ajit Weekly Trade Mark* [2006] RPC 25.

- the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought;

the following points can be made.

39 First, with regard to the expression 'must know' in the second question, a presumption of knowledge, by the applicant, of the use by a third party of an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought may arise, inter alia, from general knowledge in the economic sector concerned of such use, and that knowledge can be inferred, inter alia, from the duration of such use. The more that use is long-standing, the more probable it is that the applicant will, when filing the application for registration, have knowledge of it.

40 However, the fact that the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith.

41 Consequently, 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).

46 Equally, the fact that a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith.

47 In such a case, the applicant's sole aim in taking advantage of the rights conferred by the Community trade mark might be to compete unfairly with a competitor who is using a sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

48 That said, it cannot however be excluded that even in such circumstances, and in particular when several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration is sought, the applicant's registration of the sign may be in pursuit of a legitimate objective."

43) I will begin by recording what the tribunal does not have to determine. Although some of these issues may be touched upon, the tribunal is not here to decide who the rightful owners of the trade mark are/should be, or whether the deed has the power, even if it does not specifically provide for it, for the creation of a property holding company. The matter to be determined is solely whether the application by Properties for a trade mark, a monopolistic intellectual property right, for ARGYLL ARCADE was, in the light of Properties/Mr Hill's knowledge, an act which fell short of acceptable commercial behaviour in the jewellery trade.

44) In terms of what Properties (or more specifically Mr Hill) knew when the application for registration was made on 19 January 2007, he clearly knew that Argyll Arcade was a physical location that had served for many years as a focal point in Glasgow for the jewellery trade and related goods and services. Mr Hill has, after all, been involved in a business at Argyll Arcade and has also held roles on the committee and as a director of the Association which was set up (erroneously he later believes) to manage the business of the arcade. Given his own evidence he was clearly aware of the deed and his knowledge of it, which is not unreasonable, is that it makes no express provision for the ownership of trade marks (or any other similar rights) or for a holding company to own property. Mr Hill would also have been aware that Argyll Arcade is not owned by any one party and that individual proprietors own individual shops and that such proprietors have a collective responsibility for the upkeep of the common parts of the arcade.

45) Properties state in its written submissions that the applicants have applied to the registrar for a declaration of invalidity with "unclean hands". This is a reference to the registration of the domain name by Rox which, in turn, has an economic connection with Lewis, one of the applicants. Whilst I am aware of the doctrine of *ex turpi causa* and that, in certain circumstances, it can be used as a defence to a particular claim, I am far from satisfied that such a defence can be relied upon in relation to a claim made under section 3(6) of the Act. This is because the applicants claim is not based on a particular right which may, if *ex turpi causa* is to be relied upon, has been obtained illegally or immorally. The claim under section 3(6) is an absolute ground relating to the conduct of Properties/Mr Hill. The actions of the applicants in its own business operations cannot, in my view, limit the capacity for them to make such a claim. The question that therefore needs to be answered relates to the conduct of Properties/Mr Hill. Although not binding, I note that such a view was also reached in *China White* (BL O-316-24) where the hearing officer stated:

“At an earlier hearing I understood Mr Engelman to suggest that the application of the principle of *ex turpi causa* would be a complete defence to his clients, preventing the opponents from pursuing their objection under section 5(4)(a) and section 3(6). However, at the substantive hearing he only addressed me on the application of the principle to the opponents’ ground under section 5(4)(a). I think that this was correct. The opponents’ objection under section 3(6) goes to the intention of the applicant in making the application for CHINA WHITE in respect of the specification of goods as set out in the application and this is not linked to the behaviour of the opponents.”

46) In any event, whilst it is clear that Lewis (one of the joint applicants for invalidation) has an economic connection with Rox (the domain name registrant) and that it could be argued that the same controlling mind operates, or have a role in operating, both companies, the other joint applicant, Laing, has no such economic connection. Therefore, even if I had been persuaded that *ex turpi causa* led to any form of defence in these proceedings, this would not have applied to Laing and, consequently, its claim under section 3(6) would still need to be dealt with. All things considered, I do not regard *ex turpi causa* to be a relevant defence.

47) Having said that, it could be argued that the actions by Rox (in registering the domain name) is indicative of a type of tolerable behaviour that goes on in this field and that this should lead me to conclude that the registering of the trade mark is simply another example of a form of tolerable behaviour. However, whilst I note this potential argument, this has not been argued by Properties who, on the contrary, argue that the actions by Rox were in bad faith. In any event, it seems to me that the registration of a domain name and the registration of a trade mark are quite different acts with quite different potential consequences. The registration of a trade mark imbues on its proprietor an exclusive right to prevent the use of that trade mark by other traders in the course of trade. The registration of a domain name gives no exclusive right to prevent the use by other traders of any sign in the course of trade, in reality, all it really does is to reserve a particular web address on the Internet for the operation of a website. Other traders may choose a similar web address. The potential consequences of the two acts are, therefore, quite different in so far as the impact on other traders is concerned.

48) The above is so even though Rox has also operated a website with reference to that domain name, a website that is likely to be regarded by members of the public as some form of official website representing the Argyll Arcade as a whole. This is because it is clear from the evidence that the website markets the arcade as a whole, that it contains the details of all the businesses in the arcade (with the exception of Properties), and that a number of those businesses have indicated in evidence (including businesses with no economic connection to Rox) that the website is a useful marketing tool for the arcade as a whole. Whilst Rox and its economically connected companies have a slightly higher profile in the website’s directory, due to the sponsored links, it is not as though other businesses have been excluded from having sponsored links (Hilson, an unconnected company, has one). Whilst Properties is clearly unhappy with the website, it would not strike a member of the public as unusual and the website, as a whole, still retains an overall impression of simply marketing the arcade for the benefit of all the businesses within it. For all these reasons, I do not consider Rox’s actions to have any real bearing, significance

or relevance as to whether the behaviour of Properties/Mr Hill constitutes bad faith. This equally applies to Mr Hill's evidence (and the submissions made on behalf of Properties) that Rox did not suggest transferring the domain name to a holding company when Mr Hill first complained about it and, also, to Mr Hill's suggestion that such a holding company will merely be a front for Rox and its economically connected companies.

49) In determining whether Properties/Mr Hill acted in bad faith, I need to consider Mr Hill's claim that he has been the owner/guardian of the ARGYLL ARCADE name for some time. Whilst Mr Hill makes a claim to ownership/guardianship, I find the evidence he has provided in relation to this to lack objective detail. Mr Hill, along with his brother and mother, was a director of The Argyll Arcade Properties (Glasgow) Limited with such a company being in existence between 1962-1992. This company was then dissolved and Mr Hill states that it was agreed with his brother that Mr Hill would "retain the name Argyll Arcade". Mr Hill's assets were then transferred to Paratus (No 201) Limited which then changed its name to Properties. However, there is no explanation of what it meant by the term "assets". On the face of it, and all I can take from the evidence, is that the name Argyll Arcade has been used within a company name (be it the first or second company) and that Mr Hill has been a director of both. Whilst these circumstances alone do not necessarily make the application for a trade mark an act of bad faith, I do not regard them as legitimising Mr Hill's claim to ownership or guardianship of the name ARGYLL ARCADE itself. This is an important aspect which will assist in reaching a view on the motivation for the trade mark registration.

50) In terms of the Association, of which Mr Hill was a director, it is clear from the evidence that this company was set up by the then members of the committee. The other directors subsequently resigned their positions (through legal challenges to the legitimacy of the company) leaving Mr Hill as a sole director who then dissolved the company. On the basis that this company was set up as, effectively, a representative company for the proprietors, then this, also, does not legitimise Mr Hill's claim. Similarly, the fact that when the Association was set up the then legal advisor to the arcade's proprietors (Ian Roger of Bechin Robb) may have asked Oscar Hill's (Mr Hill's father) permission to use the name Argyll Arcade Proprietor's Association, tells me little because why permission was sought is simply not clear and, similarly, why Mr Hill's father was involved is not clear. It may have been nothing more than to reflect the fact that a company was in existence which also contained the words Argyll Arcade.

51) I also note that Mr Hill has "claimed guardianship since at least 2001" and that, he says, this has never been contradicted. The claim can be seen in the letter from Spiers Parnie to the arcade's proprietors. However, as there is little to support the nature of any claim and, also, that it is clear from the accompanying minutes to the Spiers Parnie letter that there was clearly some form of debate about this, the claim alone can have very little relevance.

52) In terms of whether the making of the application for registration was an act which fell short of acceptable standards of commercial behaviour, Mr Hill was clearly aware of the significance of Argyll Arcade as a shopping destination in Glasgow in relation to jewellery etc and related services. Mr Hill was clearly aware that the shops

in the arcade are individually owned and, consequently, that the arcade is not owned by a single undertaking. As stated in paragraph 47, a trade mark provides its owner with the exclusive right to prevent others from using it in the course of trade. It is this right that Properties have applied for, a monopoly right which can be used against the large number of businesses that make up Argyll Arcade. Whilst it may be true that the deed makes no reference to the ownership of trade marks and other intellectual property rights, this does not make it right for one business in the arcade to monopolise its name, a monopoly which could limit the rights of the other businesses (even if they are still able to use it as part of a statement of address) to use the name as an advertising and marketing tool. That such use could be restricted as a consequence of the trade mark registration can be seen in Properties offer to license the trade mark. Whilst the offer to licence was clearly after the application itself, this can still assist in informing as to motivation, and also informing as to the knowledge of potential impact on the other businesses in the arcade.

53) On the face of it, the registration by just one of the businesses in the arcade of a monopoly right which can be used to prevent other businesses in the arcade from using the designation ARGYLL ARCADE in marketing and advertising has the clear potential for a finding of bad faith. However, as is clear from *Lindt*, consideration must be given to the intention of Properties/Mr Hill at the time the application was made. I remind myself of paragraph 44 of *Lindt* which states:

“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.”

54) The fact that Properties have offered to license the trade mark, for £2000 per annum, for use in advertising and marketing etc. is indicative of intent i.e. to license the trade mark so that other business in the arcade are able to use the designation ARGYLL ARCADE as an advertising/marketing tool. Whilst in some circumstances this can hardly be said to be problematic, in the circumstances here, where Argyll Arcade is a long standing name indicating a shopping destination for a collective group of jewellery businesses who, no doubt, will wish to promote their businesses with reference to such a designation, this strikes me as a form of conduct which falls short of acceptable standards of commercial behaviour. The circumstances certainly do not fit in with Mr Hill’s claim to be the guardian of the name. There is no form of beneficial interest to the arcade’s businesses that would support a guardianship role. Whilst there is a reference in Properties written submissions relating to the license fee covering the cost of the DeBeers code of best practices (relating to the examination of diamonds/gems for all the arcade), this is not in the evidence so I do not need to concern myself with this.

55) I have already dealt with Mr Hill’s claim to “ownership” and its relevance. In any event, and as stated in paragraph 43, it is not for me to determine who the rightful owners of any trade mark should be nor do I need to determine which company should hold it. Mr Hill has provided no other explanation for registering the trade mark. There is no indication that Properties wish to use it as a trade mark itself. In summing up my findings, I note the decision in *Canaries Seaschool Slu v John Williams and Barbara Williams*. Although not binding on fact, it gives a useful

indication of the type of behaviour which may be classified as being in bad faith. Mr Hobbs QC (sitting as the Appointed Person) stated:

“51. It seems to have been a matter of administrative convenience that the opposed application for registration was filed in the name of Andrew Williams’ partner, Janet Wills, before being assigned to the Applicant. No argument to the contrary has been raised on its behalf. On the basis of the evidence on file, the knowledge, intentions and motives of Andrew Williams can properly be attributed to the Applicant. They are amply sufficient to invalidate the opposed application in accordance with the principle of prohibition of abuse of law as reflected in the objection to registration on the ground of bad faith provided by Section 3(6) of the 1994 Act. The behaviour of Andrew Williams hence the behaviour of the Applicant towards the Opponents in connection with the filing of the opposed application for registration was, on the view I take of the evidence, tainted by a desire to deprive them of their entitlement to the goodwill appertaining to the verbal and non-verbal elements of the signs in issue. That appears to me to be unacceptable on any view of what can constitute applying for registration in bad faith.”

56) In its written submissions the applicants highlight that Argyll Arcade has a reputation associated with diamond and jewellery specialists and that such reputation is generated by the individual efforts of each of the proprietors, but is of benefit to, and shared by, the proprietors as a whole. It is also submitted that the proprietors have, effectively, a shared goodwill. I agree with these submissions and, based on all the facts before me, I come to the clear view that Properties acted in bad faith when it made its trade mark application. Large numbers of businesses which operate in the arcade may, potentially, be affected by the trade mark registration. Properties have no inherent right to the name, nor is it acting in any form of guardianship role benefiting the businesses in the arcade. Such unilateral action, particularly in circumstances where subsequently it offers a licence (for a fee) to the other businesses, a license for acts (using the name Argyll Arcade to advertise and market themselves) which such businesses should be able to undertake as of right, appears to me to be an act which reasonable and experienced men in the field would consider as falling short of the acceptable standards of commercial behaviour. The behaviour of Properties/Mr Hill was, on the view I take of the evidence, tainted by a desire to deprive the other businesses in the arcade of their entitlement (as a consequence of the shared reputation of the designation Argyll Arcade) to use the sign Argyll Arcade as a collective marketing or advertising tool, or to receive remuneration for such use. In the words of Mr Hobbs QC, “that appears to me to be unacceptable on any view of what can constitute applying for registration in bad faith”. I should add that I have not ignored Ms Bashir’s evidence that there are many other shopping centres/malls registered as trade marks – it is simply that this case has turned on its particular facts.

**57) The ground of invalidation under section 3(6) succeeds. Given this, I do not consider it necessary to deal with the various grounds under section 3(1) of the Act. In accordance with section 47(6) of the Act, the trade mark registration is deemed never to have been made.**

## **Expenses**

58) The joint applicants have been successful and are entitled to a contribution towards their expenses. I hereby order Argyll Arcade Properties (Glasgow) Ltd to pay Lewis Grant (a Scottish Partnership) and Laing the Jeweller (Glasgow) Limited, the sum of £2700. This sum is calculated as follows:

Official fee for filing the application for invalidation  
£200

Preparing a statement and considering the other side's statement  
£500

Considering Properties' evidence and filing its own evidence  
£1500

Preparing written submissions  
£500

59) The above sum should be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful

**Dated this 28 day of July 2010**

**Oliver Morris  
For the Registrar  
The Comptroller-General**