



Neutral Citation Number: [2019] EWHC 1935 (Ch)

Case No: IL-2019-000002

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
CHANCERY DIVISION

Royal Courts of Justice
Business & Property Courts,
Fetter Lane, London, EC4A 1NL

Date: 19/07/2019

Before:

MRS JUSTICE FALK

Between:

(1) HORSHAM NUTRACEUTICALS LIMITED
(2) EQUINE AMERICA (UK) LIMITED

Claimants

- and -

MANNA PRO PRODUCTS LLC

Defendant

Jonathan Moss (instructed by **Venner Shipley LLP**) for the **Claimants**
Thomas St Quintin (instructed by **Ward Hadaway**) for the **Defendant**

Hearing dates: 3 & 4 July 2019

Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

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MRS JUSTICE FALK

MRS JUSTICE FALK:

1. This is my decision on the Claimants' application to strike out parts of the Defendant's Defence and Counterclaim, and for summary judgment in relation to one issue in the case.
2. The dispute between the parties is at heart over who is entitled to the goodwill attached to the name CORTAFLEX, and who is entitled to an EU registered trademark ("EUTM") for that name. CORTAFLEX is used as a brand name for a type of equine nutritional supplement.
3. The background to the dispute is a business relationship between the Claimants and their predecessors in title (whom I shall refer to together as the "Claimants"), and predecessors in title of the Defendant. In summary, the Defendant's predecessors produced supplements in the US. The Claimants bought them there, imported them to the UK and elsewhere in Europe, and sold them. The brands in question included, but were not limited to, a brand known in the UK and Europe as CORTAFLEX. The Claimants say that they started this business in 1996 and they have been responsible for building up the business in Europe, undertaking all the marketing. They registered a UK trade mark with the CORTAFLEX name in 1998, which was allowed to lapse when the EUTM, which was applied for in 2002, was registered in the name of the First Claimant ("Horsham").
4. The Defendant bought the assets of the US business in late 2017. It disputes the Claimants' entitlement to the CORTAFLEX name in Europe, and in late 2018 it threatened an application to the EU Intellectual Property Office (the "EUIPO"). This led the Claimants to bring these proceedings, which claim a declaration that Horsham is solely entitled to the ownership of the CORTAFLEX EUTM, a declaration that any use of that mark does not infringe any rights of the Defendant, and a declaration that all goodwill arising from trading under or by reference to the CORTAFLEX name since 1997 belongs to the Claimants.
5. The Defendant has counterclaimed seeking an assignment of the CORTAFLEX EUTM to it, or alternatively a declaration that the CORTAFLEX EUTM was invalidly registered, or a declaration that its predecessor had a right at the filing date of the EUTM to prohibit use of the name under the law of passing off, which right had passed to the Defendant, together with an injunction to prevent the Claimants from using the name. The primary basis for the Defendant's claim in relation to the EUTM is that the Claimants were acting as agents or representatives and the EUTM was registered in their name without authorisation, so the Defendant is entitled to require the transfer of the mark to it under Article 21 of the EU Trade Mark Regulation (EU) 2017/1001 ("EUTMR"). Alternatively, the Defendant says that its predecessors in title owned and used a non-registered trade mark of more than mere local significance, such that they would have been able to oppose registration of the EUTM under Article 8(4) and so could seek a declaration of invalidity under Article 60(1)(c).
6. The Claimants' strike out application is made on the grounds that the English courts do not have jurisdiction to hear matters relating to Articles 21 and 60(1)(c). They say that the court has no jurisdiction in this case to order an assignment under Article 21, and no jurisdiction to hear an invalidity action under Article 60(1)(c), essentially because the counterclaim is not brought in infringement proceedings. They say that the key

dispute between the parties is over ownership of goodwill, and the additional declarations they have sought in respect of the EUTM were included to forestall an approach by the Defendant to the EUIPO in circumstances where the real dispute is one over which the EUIPO have no jurisdiction.

7. The Claimants also seek summary judgment in relation to one aspect of the pleadings, which relates to an agreement entered into between one of the Defendant's predecessors in title and Horsham in 1998 (the "1998 agreement"), and which the Claimants say the Defendant is relying on but which was never validly assigned or novated to it.
8. Relevant provisions of the EUTMR are set out in the Appendix to this decision.

Strike out: introduction

9. The court has power to strike out all or part of a statement of case under CPR 3.4(2)(a) if it appears that it discloses no reasonable grounds for bringing or defending the claim. Cases suitable for strike out include those which raise an unwinnable case, where continuance of proceedings would waste resources, and cases where the claim or defence is not valid as a matter of law. However, the courts have cautioned against striking out a claim in an area of developing jurisprudence, since decisions about novel points of law should be based on actual findings of fact. In such a case the court should not grant an application to strike out unless the court is certain that the claim is bound to fail: see *Hughes v Colin Richards* [2004] EWCA Civ 266 at [22]. In that case Peter Gibson LJ said at [30] that because the relevant area of law was subject to some uncertainty and was developing, it was highly desirable that the facts should be found so that any further development of the law was on the basis of actual facts.

The Claimants' case on strike out

10. The Claimants' case on strike out is based on their interpretation of the jurisdiction provisions in Chapter 10 of the EUTMR. This Chapter lays down specific rules (*a lex specialis*), including in relation to the functions of EU trade mark courts, the High Court being one such court. Under Article 124, EU trade mark courts have exclusive jurisdiction over certain matters, which include (a) infringement actions, (b) declarations of non-infringement and, under paragraph (d), "counterclaims for revocation or for a declaration of invalidity of the EU trade mark pursuant to Article 128". The Claimants say that in this case there is no relevant declaration of non-infringement because the declaration they seek that none of the Defendant's rights are infringed does not relate to an EUTM, so only paragraph (d) is potentially relevant.
11. Article 127(1) provides that EU trade mark courts must treat an EUTM as valid "unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity". Article 128(1) provides that any counterclaim for revocation or for a declaration of invalidity "may only be based on the grounds for revocation or invalidity mentioned in this Regulation". This refers back to Articles 58 to 60, which deal with grounds for revocation and invalidity. Each of those Articles contains introductory wording which states that the rights "shall" be declared to be revoked (Article 58) or declared invalid (Articles 59 and 60) "...on an application to the Office or on the basis of a counterclaim in infringement proceedings". As already mentioned, in this case the ground relied on by the Defendant is Article 60(1)(c).

12. The Claimants say that, properly understood, Article 128, and therefore Article 124(d), are engaged only where the counterclaim is brought in infringement proceedings. The provisions need to be read as part of the special rules relating to jurisdiction in Chapter 10, which include the disapplication of various provisions of the Recast Brussels Regulation (1215/2012), rules as to the functions to be undertaken by EU trade mark courts, provisions dealing with the scope of their jurisdiction and, under Article 125, a hierarchy of rules for determining which Member State courts should deal with which matters. It is clear that the validity of an EUTM cannot be challenged in a claim (as opposed to a counterclaim that falls within Article 124(d)): see Article 127. Absent such a counterclaim, the only route available is an application to the EUIPO. The jurisdictional rules are important because if a validity challenge succeeded then action would need to be taken to remove the mark from the register. Unless an EU trade mark court had jurisdiction in relation to the matter then its decision could not bind the EUIPO to take that action. On that basis it must be right (and indeed it was not disputed) that, in order to grant a declaration of invalidity, the High Court must be sitting as an EU trade mark court.
13. In relation to Article 21, the Claimants rely on Article 21(2). This is a new provision that was introduced when the Regulation was updated in 2017, and neither Counsel has been able to find any background explanation about its introduction. It provides that the proprietor demanding the assignment of a mark under Article 21(1) “may” submit a request for assignment to the EUIPO “instead of an application for a declaration of invalidity”, or to an EU trademark court “instead of a counterclaim for a declaration of invalidity based on Article 128(1)”. The Claimants say that despite the use of the word “may”, Article 21(2) should be regarded as prescriptive rather than permissive.
14. Alternatively, because the Defendant argues that the exclusive jurisdiction provisions in Article 124 do not apply to claims under Article 21, the Claimants argue that is not right because in substance Article 21 is an alternative form of validity challenge, the only difference being in the remedy.

The Defendant’s position

15. In summary, the Defendant’s case is that it is entitled to challenge the validity of the EUTM by its counterclaim in these proceedings, because the concept of counterclaim in Chapter 10 is not limited to counterclaims in infringement proceedings, and extends to any counterclaim that is defensive in nature and relevant to the claim made. Alternatively, if the claim has to be a type of claim listed in Article 124, then Article 124(b) is relevant because the Claimants are seeking a declaration of non-infringement. The Claimants’ approach risked a duplication of proceedings and irreconcilable decisions, because the nature of their claim meant that the court would be required to determine validity in any event. A decision to strike out was also a discretionary one, and in exercising the court’s discretion regard should be had to the fact that the Defendant had been proposing to raise the validity issue with the EUIPO, and the Claimants commenced these proceedings in response to that, threatening that any attempt to go to the EUIPO would be challenged. The Claimants were now taking the inconsistent approach of seeking to force the Defendant to apply to the EUIPO, because they were saying that that was the only avenue open to it.

Discussion- strike out

16. In my view it is clear that the Claimants' strike out application should not be granted. The question that has taken me a little longer to answer is whether that should be done on the basis that the legal issues raised are better determined at trial in the light of the full facts, or whether I should make a decision now in what is clearly an unsettled area of law, and where case law guidance is lacking.
17. I have concluded that the issues raised by the strike out application are questions of law that it is appropriate for me to determine now. I heard full argument on them and I do not think that they will be affected by the trial judge's findings of fact. Although there is a possibility that a trial judge might ultimately not need to determine some of the points, overall I think that is outweighed by the benefit of reducing the number of issues to be determined.
18. It is convenient to deal with the Defendant's counterclaim based on Article 60(1)(c) first, as Counsel for the Claimants did, although that does not reflect the Defendant's primary case, which is that it is entitled to require the transfer of the EUTM under Article 21. The Article 60(1)(c) argument depends on the scope of Article 128 and, relatedly, Articles 124(d) and 127(1).

Article 60(1)(c): scope of Articles 124(d), 127(1) and 128

19. Neither Counsel was able to refer me to any case which provides direct assistance in determining the question whether Articles 124(d), 127(1) and 128 apply to counterclaims not brought in infringement proceedings. Mr Moss, for the Claimants, drew my attention to a decision of Mr Justice Arnold in *Starbucks (UK) Ltd v British Sky Broadcasting Group plc and others* [2012] EWHC 1842 (Ch), upheld on appeal at [2012] EWCA Civ 1201. Mr Moss relied on the fact that Arnold J stated at [61] that Sky could not attack certain registrations by Starbucks by counterclaim in those proceedings "since Starbucks has not sued on them". A similar point was made in the Court of Appeal at [48], where it was said that the EUIPO was the only forum in which cancellation of the relevant marks could be determined pursuant to what are now Articles 59, 123, 124 and 128. However, Mr St Quintin for the Defendant pointed out that the two marks referred to by Arnold J had not been relied on in the proceedings: see paragraph [4] of the judgment. So that was not a case where the claimant had itself brought a claim in respect of the marks in question. I agree that on that basis the case is of limited assistance.
20. It is notable that Articles 58 to 60 refer to a counterclaim "in infringement proceedings", whereas there is no such reference in Chapter 10. Where the concept of counterclaim is referred to in Chapter 10 the phrase used is "counterclaim for revocation or for a declaration of invalidity". In principle this appears to be deliberate. In addition, there is real force in the argument that the reference in Article 128(1) to "grounds" is to the substantive bases for revocation or invalidity set out in Articles 58 to 60, rather than the introductory words in those Articles which set out the circumstances in which an EU trade mark "shall" be declared to be revoked or declared invalid. Those introductory words refer instead to procedural methods by which revocation is achieved or invalidity is established. In my view this interpretation accords with the natural meaning of the word "grounds".

21. That this is the correct approach is reinforced when Articles 58 to 60 are read with Article 82 (which deals with EU collective marks registered in breach of Article 76). Article 82 refers first to the grounds for invalidity provided for in Articles 59 and 60, and then to the options of applying to the EUIPO or counterclaiming in infringement proceedings. This gives an indication that the draftsman did not consider that those procedural options were part of the “grounds”. A similar point applies to Article 81 (in respect of revocation) and to the corresponding provisions in respect of EU certification marks in Articles 91 and 92.
22. I consider the better view to be that Articles 58 to 60 require the EUIPO or an EU trade mark court to declare a mark invalid or declare it to be revoked if one or more of the grounds set out in the sub-paragraphs of those Articles are satisfied, and there has either been an application to the EUIPO or a counterclaim in infringement proceedings, without necessarily saying that these are the only procedural methods by which such a declaration might be obtained.
23. This does not mean, however, that there is freedom for any court to make such a declaration. A key principle of the EUTMR, set out in Article 1, is that EUTMs have equal effect throughout the EU, and (among other things) may not be declared invalid save in respect of the whole Union. A national court would not be able to make such a declaration unless it was sitting as an EU trade mark court. This is reflected in Article 135, which requires a national court dealing with an action not referred to in Article 124 to treat EUTMs as valid. The combined effect of Articles 124, 127(1) and 135 ensure that any claim for a declaration of invalidity (or claim for revocation) can only be dealt with by way of counterclaim, and only by an EU trade mark court¹.
24. As already mentioned, Article 127(1) requires EU trade mark courts to treat an EU trade mark as valid “unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity”. Again, there is no express reference to the counterclaim having to be made in infringement proceedings only, and I do not consider that it should be read in that manner. Read straightforwardly, it allows an EUTM’s validity to be put in issue by any counterclaim for a declaration of invalidity.
25. Mr Moss submitted that such an interpretation would allow validity to be challenged by counterclaims that are not relevant to the claim made. He used the example of the defamation claim, and said that if the Defendant was right then this would contravene the basic principle that the validity of an EUTM cannot be challenged in a claim. Mr St Quintin’s response to this was that any counterclaim must be referable to the claim.
26. In order to address this point, it is relevant to consider the policy behind the restriction on challenging validity by means of claims rather than counterclaims. Mr St Quintin relied on *DHL Express v Chronopost* (C-235/09) [2011] ETMR 33. In that case the Advocate General described the distinct legal system for the EUTM, including a specialised jurisdiction divided into the EUIPO (against decisions of which an appeal may be brought before the General Court and, where appropriate, the Court of Justice) and courts of the Member States acting as EU trade mark courts, with the EUIPO and EU Courts deciding vertical actions between a private party and the administration

¹ There is a limited exception to this in Article 127(3). That provision, incidentally, appears to support the interpretation referred to in [22] above, because it contemplates an EU trade mark court dealing with a plea for revocation otherwise than as contemplated by the introductory wording to Article 58.

responsible for registering EUTMs, and EU trade marks courts enjoying full jurisdiction in respect of horizontal actions between private parties, but acting as “special” courts of the EU, safeguarding what are EU property rights (AG19 and 20). The Advocate General noted that the EUTMR deliberately enjoins Member States to designate as limited a number as possible of national courts as EU trade mark courts, consistent with the objective of ensuring the uniform nature of the rules, uniform judicial protection, avoiding a multiplicity of adjudicative bodies and ensuring that EUTMs confer an effective title which can be enforced without excessive cost (AG21 to 26).

27. The Court of Justice reflected these points in its judgment at [39] to [45], emphasising the uniform protection of EUTMs throughout the EU, the intention that they should have a unitary character, and referring to recitals to the then extant version of the EUTMR (and reflected in the current version) which state that the effects of decisions regarding validity and infringement must cover the entire EU, in order to prevent inconsistent decisions on the part of courts and the EUIPO and to ensure that the unitary character of EUTMs is not undermined. The importance of avoiding inconsistent decisions is emphasised.
28. The division of jurisdiction between vertical and horizontal actions makes sense of the prohibition on challenging validity (or seeking revocation) by means of a claim. Such a claim is properly made to the EUIPO, because the complaint is about the existence of the registration. It is rightly seen as a vertical action. However, where a defendant is faced with a claim relating to an EUTM, and disputing the validity of the EUTM is a legitimate, and relevant, response to that claim, that can properly be described as part of a horizontal action, and therefore within the jurisdiction of EU trade mark courts.
29. It is important to note the precise nature of the claims made by the Claimants in this case. They are seeking a declaration that Horsham owns the CORTAFLEX EUTM and that any use the Claimants make of it does not infringe any rights of the Defendant, as well as a declaration that they own the associated goodwill. The Defendant’s counterclaim that the mark is not valid is a direct response to the claim, and raises issues that are also raised by the claim. The counterclaim is very closely related to the claim.
30. Where a counterclaim is closely related to a claim in this way, and the claim directly relates to an EUTM, there seems to me to be no good reason why an EU trade mark court should have jurisdiction if the claim includes a claim that the mark has been infringed, but should not have jurisdiction if such a claim is not included. Provided the court in question is indeed an EU trade mark court, the policy aims, as described in *DHL Express*, can be met. Indeed, permitting a counterclaim to be made in these circumstances is most consistent with the objective of avoiding inconsistent decisions. I accept that Mr Moss indicated on behalf of the Claimants that they would consent to an immediate suspension of any application the Defendant might make to the EUIPO in response to the strike out claim succeeding, but I do not think that that deals with the point of principle.
31. The approach I am taking is I think consistent with that of Mann J in *Adobe Systems Inc v Netcom Distributors & others* [2012] ETMR 38, where he held that this court did not have jurisdiction to rule on a counterclaim for revocation which was not defensive to the infringement claim in which it was made, because it did not relate to the same EUTMs. Mann J referred to the policy sense behind allowing counterclaims in national

courts (rather than taking the challenge to the EUIPO) so that everything is disposed of in one court and on one occasion, and that this made sense where the counterclaim was a defence to the main claim, but not in broader circumstances given the scheme that prevented national courts, as opposed to the EUIPO, from exercising original jurisdiction over validity (paragraphs [29] to [33]). Mr Moss suggested in a written submission made following receipt of my draft judgment that comments made earlier in Mann J's judgment at [23], [24] and [27] support the Claimants' case. However, these paragraphs principally recite the parties' arguments. Mann J does express the view at [27] that the reference to "the" mark in what is now Article 124(d) requires the mark already to be "in suit" in the claim, which Mr Moss says is not the case here, but (a) I would respectfully suggest that that puts an unwarranted stress on the word "the" (which more naturally seems to me to be part of the cross reference to Article 128), and (b) in any event Mann J was clearly considering the point in the context of infringement proceedings. As I have said, in this case the EUTM is very much the subject of the Claimants' case. The Defendant's counterclaim is in my view defensive in nature.

32. I can see that it is important that the rules determining which court has jurisdiction in Article 125 are followed, but there is no dispute in this case about that. Although I did not hear argument on this point, it seems to me that in the context of a counterclaim (and if required) Article 125(4)(b) may be engaged, applying Article 26 of the Recast Brussels Regulation to confer jurisdiction on the basis that the defendant will have entered an appearance.
33. It is also worth noting that Articles 128 and 132 specify how a court dealing with a counterclaim should proceed in relation to the EUIPO and other EU trade mark courts. Article 128(4) provides that an EU trade mark court must not proceed with examination of the counterclaim until the EUIPO has been notified, and must stay the proceedings if a revocation or invalidity application had been filed at the EUIPO before the date of the counterclaim. Under Article 128(6), any final judgment must be sent to the EUIPO, and must be reflected in the register. Article 128(7) also provides for the possibility of staying the court proceedings and requesting the defendant to submit an application to the EUIPO. Article 132(1) generally requires a court to stay proceedings where the validity of an EUTM is already in issue in a counterclaim before another EU trade mark court or in an application to the EUIPO, and Article 132(2) contains provision for the EUIPO to stay proceedings where validity is already in issue in a counterclaim before an EU trade mark court. These provisions provide a workable procedure for the interaction between EU trade mark courts and the EUIPO, and one that does not depend on the existence of infringement proceedings.
34. Mr St Quintin's alternative submission, if he was wrong in his primary submission about the scope of "counterclaim for revocation or for a declaration of invalidity" in Chapter 10, was that, if the concept was to be given a more restrictive interpretation than he was arguing for, then it should still extend to any counterclaim to a claim for which EU trade mark courts have exclusive jurisdiction under Article 124(a) to (c). Mr St Quintin submits that in this case Article 124(b) is engaged because one of the remedies being sought by the Claimants is a declaration of non-infringement.
35. Although not obviously necessary for this aspect of my decision in view of my conclusion on Mr St Quintin's primary submission, I will deal with this point because of the related question of the application of Article 127(2), discussed below. In my view, and as Mr Moss submitted, Article 124(b) does not apply on the facts of this case.

In the context of the EUTMR, a declaration of non-infringement naturally relates to non-infringement of an EUTM. On the face of it the Claimants are not seeking any such declaration. The declarations they are seeking are that they are solely entitled to the CORTAFLEX EUTM and that their use of that EUTM does not infringe any rights of the Defendant. In order for Article 124(b) to be engaged the Defendant needs to say, for example, that the declarations sought encompass a claim that the Defendant is not entitled to a transfer of the EUTM under Article 21, and in that sense that the Claimants are not infringing the Defendant's rights in respect of an EUTM. Whilst I can see that the Defendant's counterclaim is a proper response to the declarations sought, I am not persuaded that either of the declarations sought by the Claimants can fairly be described as a declaration of non-infringement of the EUTM. What the Claimants seek is a ruling that the Defendant has no rights at all in respect of the EUTM, rather than that any rights the Defendant has in the EUTM are not infringed.

36. Article 127(2) is also relevant. This provision prevents the validity of an EUTM being put in issue "in an action for a declaration of non-infringement". Mr Moss' response, consistent with the point just discussed, is that the Claimants are bringing no such action. Mr St Quintin says that the Claimants are doing so, but maintains that the reference to "action" in Article 127(2) has the effect that a claimant seeking a declaration of non-infringement may not also challenge the validity of a mark, but does not prevent a counterclaim to that effect. In other words, neither party maintained that Article 127(2) applies.
37. Clearly, however, this court needs to be satisfied that Article 127(2) does not deprive it of jurisdiction in respect of the validity of the EUTM. I am so satisfied on the basis that the Claimants are not bringing an action within Article 127(2). I am less persuaded by Mr St Quintin's submission, which does not seem to accord adequate weight to Article 127(1), which in any event prohibits validity being put in issue otherwise than by a counterclaim. If Mr St Quintin's argument was right then Article 127(2) would appear to be unnecessary.
38. My preferred interpretation of Article 127(2) in turn supports the argument that the concept of counterclaim in Chapter 10 is not limited to a counterclaim in infringement proceedings. If it were then Article 127(2) would, again, be unnecessary, since there would in any event be no scope for a counterclaim in an action for a declaration of non-infringement.

Article 21

39. The Claimants' argument that the court has no jurisdiction in relation to the Defendant's claim for the assignment of the EUTM under Article 21 rests on two propositions, first that Article 21(2) is prescriptive and sets out the only available avenues for redress, and secondly on the Claimants' preferred interpretation of the scope of Article 128, namely that it is restricted to counterclaims in infringement proceedings. The argument goes that because the Defendant cannot in this case make a counterclaim within Article 128, it cannot request an EU trade mark court to order an assignment, because it can only do that where the alternative of such a counterclaim is available to it.
40. I have rejected the second of these propositions, and on that basis the argument that the court has no jurisdiction in relation to the claim under Article 21 fails. In the

circumstances I do not need to decide the precise scope of Article 21(2), but because it was fully argued before me I will make some comments about it.

41. Mr Moss submits that Article 21(2) stipulates the only methods by which a request for assignment can be made, and that because of the limited functions conferred on EU trade mark courts, together with the Claimants' interpretation of Article 128, the effect is that this court cannot deal with the matter because the counterclaim is not made in infringement proceedings. Article 21(2) has clearly been included for a reason, and if it was purely permissive there would have been no reason to include it. Mr St Quintin submits that the word "may" at the start of Article 21(2) has its normal meaning and the EUTMR makes it clear where it is intended that exclusive jurisdiction be conferred. Furthermore, Article 13 goes hand-in-hand with Article 21 and it is clear that there is no restriction on the powers of national courts to deal with matters under Article 13. In this case the issues raised by the Claimants are such that Article 13 is in point, and the matter is before this court.
42. Article 13 is engaged in the same situations as Article 21. Both apply where an EUTM is registered in the name of an agent or representative of a person who is the (true) proprietor of the mark, without the proprietor's authorisation. Article 13 permits the proprietor to oppose unauthorised use of the mark, unless the agent or representative justifies his action. Article 21 permits the proprietor to demand the assignment of the mark in his favour, again unless the agent or representative justifies his action. Article 13 contains no procedural provisions, and therefore in principle (and subject to a point referred to at [48] below), Article 122(1) applies. Article 122(1) provides that, unless otherwise specified, the Union rules on jurisdiction and the recognition and enforcement of judgments apply. In other words the normal rules apply, rather than the special jurisdictional code set out in other provisions of Chapter 10. On that basis national courts would not be prevented from adjudicating on a dispute covered by Article 13. The question is whether this indicates that Article 21(2) should also be interpreted in an entirely permissive manner.
43. In my view there is a difference between Article 13 and Article 21. An action to which Article 13 applies does not result in any change to the register. In contrast, a successful action under Article 21 would require a change to the register. There is therefore sense, consistent with the aims discussed in the *DHL Express*, in Article 21(2) providing that the proprietor should either apply to the EUIPO or to an EU trade mark court. The "may" could be read as reflecting the fact that there is no obligation on the proprietor to take action to require assignment: as Article 21(1) states, the proprietor is entitled to do so, not bound to do so. Furthermore, if Article 21(2) was intended to be entirely permissive then the question arises as to exactly what purpose it is intended to serve.
44. However, having said that it is the case that Article 21(2) does not spell out that the options set out are the only alternatives available. If that was intended then it would be expected that the point would be made clear in the jurisdictional provisions in Chapter 10, rather than in Chapter 2, which deals with the substantive law relating to trade marks (Article 21 is part of section 4 of Chapter 2, headed "EU trade marks as objects of property"). Instead, the starting point in Chapter 10 is Article 122(1), which applies the normal EU rules, subject to the specific provisions in that Chapter, including the exclusive jurisdiction conferred on EU trade mark courts in relation to certain proceedings in Article 124. Article 134(1) states that national courts have jurisdiction for actions other than those falling within Article 124, as they do in relation to national

trade marks. The fact that there is no equivalent provision in Article 13, where the substantive issues are the same, is also relevant.

45. A potential explanation for the inclusion of Article 21(2) is that, without it, there would be no clear indication in the EUTMR as to what avenues are open to proprietors who wished to demand a transfer under Article 21, apart from seeking redress from national courts under the general rules. Article 21(2) makes it clear that they have the option of applying to the EUIPO or an EU trade mark court, but it does not remove the jurisdiction of national courts.
46. Overall, and having particular regard to the provisions of Chapter 10, I think the better view is that Article 21(2) is not prescriptive.
47. Alternatively, Mr Moss submitted that Article 21 is simply an alternative form of validity challenge, the only difference being the remedy available: a declaration of invalidity would mean that the mark was invalid retrospectively, whereas a transfer of the mark would obviously preserve its existence. He says that the genesis of both remedies is Article 8. In the circumstances of this case, I understood the basis of this to be that Article 60(1)(c) applies where there is an “earlier right” as referred to in Article 8(4), and the conditions set out in that paragraph are said to be fulfilled. Article 8(4) enables a proprietor of a non-registered trademark or sign of more than mere local significance to oppose registration of the mark where the rights were acquired prior to the date of application for registration of the EUTM. Mr Moss said that circumstances falling within Article 21 should, at least in practice, also fall within Article 8(4). Mr Moss also submitted that the proposition that Article 21 was a type of validity challenge is supported by Article 6^{septies} of the Paris Convention, which Article 21 of EUTMR (together with certain other provisions of the Regulation) implements. That provides that the (true) proprietor of a mark may either oppose registration, demand its cancellation or demand an assignment, and may oppose its use.
48. On that basis Mr Moss submitted that Article 124(d) is engaged (but, on the Claimants’ interpretation, does not apply – see above). He said that this is supported, for example, by the fact that Article 163 provides for the Cancellation Division in the EUIPO to be responsible not only for applications for revocation and declarations of invalidity, but also for requests for assignment under Article 21. Similarly, he submits the Article 13 can be explained as a type of infringement action, and that therefore that is also within the scope of Article 124.
49. However, if that approach to Article 21 was correct then, logically, Article 127(1) would similarly be engaged, with the effect that an EU trade mark court would be unable to entertain the challenge (unless by a counterclaim for revocation or a declaration of invalidity), because it is a challenge which puts the validity of the mark in issue. That in turn would suggest that, in truth, the option apparently permitted in the first part of Article 21(2)(b) is never available. Any demand for assignment would be a challenge to validity, which can only be brought by way of counterclaim for revocation or a declaration of invalidity.
50. I prefer the approach of reading Article 21(2)(b) in a straightforward manner. A proprietor satisfying the conditions set out in Article 21(1) is entitled to apply to an EU trade mark court to require an assignment instead of counterclaiming for a declaration

of invalidity, and requiring assignment does not itself amount to a request for a declaration of invalidity.

51. If I was wrong on this, a further question would still arise, namely whether the use of “instead” in Article 21(2)(b) means that it should be interpreted in such a way that an application can be made to an EU trade mark court only in circumstances where the alternative of a counterclaim based on Article 128(1) is available. On my preferred interpretation of Article 128 the point does not arise on the facts of this case, because the option of a counterclaim for a declaration of invalidity is available. Furthermore, neither Counsel sought to argue that such an application could be made to an EU trade mark court where an invalidity based counterclaim was not in fact available as an alternative. I do not therefore express a view on the point, although I can see the force of the argument that “instead” in Article 21(2)(b) indicates that a counterclaim based on Article 128(1) needs to be an available option. That would suggest that a demand for assignment can only be made to an EU trade mark court by way of counterclaim, in a case where an alternative of a counterclaim for a declaration of invalidity is available.

Summary judgment application: 1998 agreement

52. The test for summary judgment is essentially whether the case or issue has a real as opposed to a fanciful prospect of success. Summary judgment is designed for cases or issues that are not fit for trial. As a general rule, summary judgment may be more suitable for points of law than ones involving findings of fact, unless it is clear that there is no real substance in the relevant factual assertions and that there are no reasonable grounds for believing that a fuller investigation of them would affect the outcome.
53. The Claimants’ case on the issue in question rests on clause 13.2 of the 1998 agreement, which provides:

“Either party may assign this Agreement and the rights and obligations hereunder with the prior written consent of the other such consent not to be unreasonably withheld.”

A written request for consent was sent to Horsham shortly before a purported assignment to the Defendant, and it is not disputed that there was no written response to that request.

54. The Claimants say that despite the use of the word “assign” clause 13.2, properly understood, is a novation clause. No consent was in fact provided or refused, so there was no effective transfer and the Defendant cannot rely on the agreement. If consent had been unreasonably withheld, there would have been a claim in damages only. The fact that the clause provided for a novation meant that consent could not be deemed: the Claimants could not be forced to enter into a contract with a new party unwillingly. If that was wrong and clause 13.2 was an assignment clause, then the request gave only two business days to respond and provided no information about the assignee. The request was never chased up. In those circumstances it could not be said that there was an unreasonable withholding of consent. Although the Defendant pleaded an assertion of unreasonableness it was not particularised.

55. The Defendant argues that this is a pointless application, because its main case does not rest on the 1998 agreement. It also says that it was only ever interested in an assignment of the benefit of the agreement, rather than a novation. If the clause is construed as providing for novation, then it does not prevent an assignment of the benefit of the agreement under general principles. If that was wrong then the trial judge would need to address a) whether the Defendant's predecessor was entitled to assign the benefit in advance of obtaining consent or an actual unreasonable refusal of consent, and b) if not, whether it can be established that consent was in fact withheld and that it was withheld unreasonably, and the effect of that. This would depend on findings of fact which could only be made at trial. In particular, any decision about whether action was unreasonable would need to be determined in the light of all the circumstances. The effect of the 1998 agreement would in any event be in issue before the trial judge in relation to the question of goodwill.
56. I have concluded that it is not appropriate to grant summary judgment in relation to this issue. Although at one level the point is a narrow one about the correct interpretation of clause 13.2 (which, if the Claimants are right means that it may not be necessary to decide whether consent was unreasonably withheld on the facts), clause 13.2 will need to be interpreted in the light of the agreement as a whole and, to a greater or lesser extent, in the light of the factual matrix (see *Wood v Capita Insurance Services Limited* [2017] AC 1173 at [13]). That factual matrix would include, for example, the nature of the relationship between the parties. For example, one of the points made by the Defendant was that the party with most concern over the identity of its counterparty was the Defendant's predecessor rather than Horsham, whereas the Claimants dispute that. The trial judge will be considering the effect of the agreement and the nature of the relationship in any event, and in my view the construction of clause 13.2 should properly be dealt with as part of that exercise.
57. Furthermore, if the question of whether any refusal of consent was unreasonable is relevant, then whilst the Claimants would on the face of it appear to have a good argument that the short notice given, without the provision of any real details of the assignee, meant that there was no unreasonable withholding of consent, I am not persuaded that the test for summary judgment is met, in other words that the Defendant has no real prospect of showing that any refusal of consent was or would have been unreasonable and that the effect of the provision should be to remove the need for consent in those circumstances, or alternatively that any requirement for consent had been met or waived.
58. It is also relevant that the question of whether the Defendant has acquired rights under the 1998 agreement might prove unnecessary to determine, because it is not the Defendant's primary position. The Defendant relies on it by way of fallback only. In my view that is an added reason not to attempt to determine it at this stage.

Conclusion

59. Accordingly, the Claimants' application to strike out parts of the Defendant's Defence and Counterclaim, and for summary judgment in relation to the Defendant's rights in respect of the 1998 agreement, is dismissed.

Appendix: relevant Articles of the EUTMR

Article 1

EU trade mark

1. A trade mark for goods or services which is registered in accordance with the conditions contained in this Regulation and in the manner herein provided is hereinafter referred to as a ‘European Union trade mark (“EU trade mark”)’.
2. An EU trade mark shall have a unitary character. It shall have equal effect throughout the Union: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Union. This principle shall apply unless otherwise provided for in this Regulation.

Article 8

Relative grounds for refusal

...

4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to Union legislation or the law of the Member State governing that sign:
 - (a) rights to that sign were acquired prior to the date of application for registration of the EU trade mark, or the date of the priority claimed for the application for registration of the EU trade mark;
 - (b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.

...

Article 13

Prohibition of the use of an EU trade mark registered in the name of an agent or representative

Where an EU trade mark is registered in the name of the agent or representative of a person who is the proprietor of that trade mark, without the proprietor's authorisation, the latter shall be entitled to oppose the use of his mark by his agent or representative if he has not authorised such use, unless the agent or representative justifies his action.

...

Article 21

Transfer of a trade mark registered in the name of an agent

1. Where an EU trade mark is registered in the name of the agent or representative of a person who is the proprietor of that trade mark, without the proprietor's authorisation, the latter shall be entitled to demand the assignment of the EU trade mark in his favour, unless such agent or representative justifies his action.

2. The proprietor may submit a request for assignment pursuant to paragraph 1 of this Article to the following:

(a) the Office, pursuant to Article 60(1)(b), instead of an application for a declaration of invalidity;

(b) a European Union trade mark court ('EU trade mark court') as referred to in Article 123, instead of a counterclaim for a declaration of invalidity based on Article 128(1).

...

Article 58

Grounds for revocation

1. The rights of the proprietor of the EU trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings:

(a) if, within a continuous period of five years, the trade mark has not been put to genuine use...

...

Article 59

Absolute grounds for invalidity

1. An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

(a) where the EU trade mark has been registered contrary to the provisions of Article 7;

...

Article 60

Relative grounds for invalidity

1. An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

...

(c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled;

...

2. An EU trade mark shall also be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings where the use of such trade mark may be prohibited pursuant to another earlier right ...

...

Article 82

Grounds for invalidity

Apart from the grounds for invalidity provided for in Articles 59 and 60, an EU collective mark which is registered in breach of the provisions of Article 76 shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings, unless the proprietor of the mark, by amending the regulations governing use, complies with the requirements of those provisions.

...

Article 122

Application of Union rules on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters

1. Unless otherwise specified in this Regulation, the Union rules on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters shall apply to proceedings relating to EU trade marks and applications for EU trade marks, as well as to proceedings relating to simultaneous and successive actions on the basis of EU trade marks and national trade marks.

2. In the case of proceedings in respect of the actions and claims referred to in Article 124:

(a) Articles 4 and 6, points 1, 2, 3 and 5 of Article 7 and Article 35 of Regulation (EU) No 1215/2012 shall not apply;

(b) Articles 25 and 26 of Regulation (EU) No 1215/2012 shall apply subject to the limitations in Article 125(4) of this Regulation;

...

Article 123

EU trade mark courts

1. The Member States shall designate in their territories as limited a number as possible of national courts and tribunals of first and second instance, which shall perform the functions assigned to them by this Regulation.

Article 124

Jurisdiction over infringement and validity

The EU trade mark courts shall have exclusive jurisdiction:

- (a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to EU trade marks;
- (b) for actions for declaration of non-infringement, if they are permitted under national law;
- (c) for all actions brought as a result of acts referred to in Article 11(2);
- (d) for counterclaims for revocation or for a declaration of invalidity of the EU trade mark pursuant to Article 128.

Article 125

International jurisdiction

1. Subject to the provisions of this Regulation as well as to any provisions of Regulation (EU) No 1215/2012 applicable by virtue of Article 122, proceedings in respect of the actions and claims referred to in Article 124 shall be brought in the courts of the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.
2. If the defendant is neither domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.
3. If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where the Office has its seat.
4. Notwithstanding the provisions of paragraphs 1, 2 and 3:
 - (a) Article 25 of Regulation (EU) No 1215/2012 shall apply if the parties agree that a different EU trade mark court shall have jurisdiction;
 - (b) Article 26 of Regulation (EU) No 1215/2012 shall apply if the defendant enters an appearance before a different EU trade mark court.
5. Proceedings in respect of the actions and claims referred to in Article 124, with the exception of actions for a declaration of non-infringement of an EU trade mark, may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened, or in which an act referred to in Article 11(2) has been committed.

Article 126

Extent of jurisdiction

1. An EU trade mark court whose jurisdiction is based on Article 125(1) to (4) shall have jurisdiction in respect of:

(a) acts of infringement committed or threatened within the territory of any of the Member States;

(b) acts referred to in Article 11(2) committed within the territory of any of the Member States.

2. An EU trade mark court whose jurisdiction is based on Article 125(5) shall have jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which that court is situated.

Article 127

Presumption of validity — Defence as to the merits

1. The EU trade mark courts shall treat the EU trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity.

2. The validity of an EU trade mark may not be put in issue in an action for a declaration of non-infringement.

3. In the actions referred to in points (a) and (c) of Article 124, a plea relating to revocation of the EU trade mark submitted otherwise than by way of a counterclaim shall be admissible where the defendant claims that the EU trade mark could be revoked for lack of genuine use at the time the infringement action was brought.

Article 128

Counterclaims

1. A counterclaim for revocation or for a declaration of invalidity may only be based on the grounds for revocation or invalidity mentioned in this Regulation.

2. An EU trade mark court shall reject a counterclaim for revocation or for a declaration of invalidity if a decision taken by the Office relating to the same subject matter and cause of action and involving the same parties has already become final.

3. If the counterclaim is brought in a legal action to which the proprietor of the trade mark is not already a party, he shall be informed thereof and may be joined as a party to the action in accordance with the conditions set out in national law.

4. The EU trade mark court with which a counterclaim for revocation or for a declaration of invalidity of the EU trade mark has been filed shall not proceed with the examination of the counterclaim, until either the interested party or the court has informed the Office of the date on which the counterclaim was filed. The Office shall

record that information in the Register. If an application for revocation or for a declaration of invalidity of the EU trade mark had already been filed before the Office before the counterclaim was filed, the court shall be informed thereof by the Office and stay the proceedings in accordance with Article 132(1) until the decision on the application is final or the application is withdrawn.

5. Article 64(2) to (5) shall apply.

6. Where an EU trade mark court has given a judgment which has become final on a counterclaim for revocation or for a declaration of invalidity of an EU trade mark, a copy of the judgment shall be sent to the Office without delay, either by the court or by any of the parties to the national proceedings. The Office or any other interested party may request information about such transmission. The Office shall mention the judgment in the Register and shall take the necessary measures to comply with its operative part.

7. The EU trade mark court hearing a counterclaim for revocation or for a declaration of invalidity may stay the proceedings on application by the proprietor of the EU trade mark and after hearing the other parties and may request the defendant to submit an application for revocation or for a declaration of invalidity to the Office within a time limit which it shall determine. If the application is not made within the time limit, the proceedings shall continue; the counterclaim shall be deemed withdrawn. Article 132(3) shall apply.

...

Article 132

Specific rules on related actions

1. An EU trade mark court hearing an action referred to in Article 124 other than an action for a declaration of non-infringement shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the EU trade mark is already in issue before another EU trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at the Office.

2. The Office, when hearing an application for revocation or for a declaration of invalidity shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the EU trade mark is already in issue on account of a counterclaim before an EU trade mark court. However, if one of the parties to the proceedings before the EU trade mark court so requests, the court may, after hearing the other parties to these proceedings, stay the proceedings. The Office shall in this instance continue the proceedings pending before it.

...

Article 134

Supplementary provisions on the jurisdiction of national courts other than EU trade mark courts

1. Within the Member State whose courts have jurisdiction under Article 122(1) those courts shall have jurisdiction for actions other than those referred to in Article 124, which would have jurisdiction *ratione loci* and *ratione materiae* in the case of actions relating to a national trade mark registered in that State.
2. Actions relating to an EU trade mark, other than those referred to in Article 124, for which no court has jurisdiction under Article 122(1) and paragraph 1 of this Article may be heard before the courts of the Member State in which the Office has its seat.

Article 135

Obligation of the national court

A national court which is dealing with an action relating to an EU trade mark, other than the action referred to in Article 124, shall treat the EU trade mark as valid.

...

Article 163

Cancellation Divisions

1. A Cancellation Division shall be responsible for taking decisions in relation to:
 - (a) applications for the revocation or a declaration of invalidity of an EU trade mark;
 - (b) requests for the assignment of an EU trade mark as provided for in Article 21.
2. The decisions of the Cancellation Divisions shall be taken by three-member groups. At least one member shall be legally qualified. Decisions relating to costs or to procedures as specified in the acts adopted pursuant to Article 161(2) shall be taken by a single member.