



Neutral Citation Number: [2020] EWHC 883 (Ch)

Case No: IL-2019-000146

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)
SHORTER TRIALS SCHEME
(via Skype)

Date: Thursday, 2nd April 2020

Before:

MR. JUSTICE FANCOURT

Between:

(1) AJA REGISTRARS LIMITED
(2) HOLDING SOCOTEC S.A.S.

Claimants

- and -

AJA EUROPE LIMITED

Defendant

MR. MICHAEL HICKS (instructed by **Wiggin LLP**) appeared on behalf of the **Claimants**.

MR. JONATHAN MOSS (instructed by **Pannone Corporate LLP**) appeared on behalf of
the **Defendant**.

Approved Judgment

THE HON. MR JUSTICE FANCOURT

Transcript of the Stenograph Notes of Marten Walsh Cherer Ltd.,
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MR. JUSTICE FANCOURT:

1. Ruling on application to amend application notice: I will allow the application to amend the application by adding express reference to the arbitration agreement in the 2015 agreement. It is now finally clear exactly what the amendment is. I consider that there is no time limit which prevents an amendment being made to the application. The only time limit that applies is that an application under Part 11 of the Civil Procedure Rules to challenge the jurisdiction has to be made within 14 days of acknowledgment of service, and the application was made within 14 days. Subject to that, the only restriction is that a section 9 application has to be made before a substantive step to defend the proceedings has been taken. The section 9 application was made in January 2020, before any such substantive step was taken. All that is being done is to amend the terms of the section 9 application. I consider that there is no other time limit that prevents that amendment being made.
2. As to the lateness of the amendment, that is a matter which, in my judgment, can be dealt with best when considering the costs that have been incurred in connection with the defendant's application. No other prejudice has been caused.
3. For those reasons, I will allow the application to amend.

(After further submission)

4. Judgment: This is an application by the defendant by notice dated 30 January 2020 to stay the claim brought by the claimants by a claim form dated 13th December 2019, pursuant to section 9 of the Arbitration Act 1996, or, alternatively, under the inherent jurisdiction of the court.
5. Section 9(1) of the 1996 Act provides:

"A party to an arbitration agreement against whom legal proceedings are brought (whether by way of claim or counterclaim) in respect of a matter which under the agreement is to be referred to arbitration may (upon notice to the other parties to the proceedings) apply to the court in which the proceedings have been brought to stay the proceedings so far as they concern that matter."
6. The application notice seeks a declaration that,

"... the Court will not exercise any jurisdiction it may have to hear and determine any dispute, controversy, difference or claim between the parties arising out of the terms of the agreement between the First Claimant and the Defendant dated 1 June 2014 or the deed of amendment of that agreement made between the First Claimant and the Defendant on 10 March 2019 (the 'Agreements') pending the final outcome of arbitral proceedings which the Defendant intends to bring against the Claimants in relation to the Agreements (the 'Arbitration') following the successful resolution of this application."

7. The draft order annexed to the application contains a declaration in those terms. As a result of the permitted amendment, the application and order are now to be read as including the words “or the agreement between the First Claimant and the Defendant dated 30 December 2015”.
8. The claimants' claim raises three issues: first, infringement by the defendant in the United Kingdom of international trade marks that use the initials “AJA”, registered in the name of the second claimant; second, passing off in the United Kingdom by the defendant as the first claimant's business or services; and, third, invalidity of a UK trade mark using the initials “AJA” in a design registered in the name of the defendant.
9. The second claimant is parent company of the first claimant. It acquired the first claimant's business through a holding company in 2018.
10. The first claimant, the defendant and the defendant's parent company, and others, entered into a number of contracts between 2008 and 2018, which aligned their businesses to a significant extent in various territories, and granted licences to use intellectual property and other rights. The most directly material contracts are an agreement, made between the first claimant and the defendant on 1 June 2014 (“the 2014 agreement”), an agreement made between the first claimant and the defendant on 30 December 2015, (“the 2015 agreement”), and an agreement made on 20 March 2018, amending the 2014 agreement, (“the 2018 deed”).
11. The 2014 agreement includes the grant by the first claimant to the defendant of a revocable licence to use the “AJA” name in the territories to which the agreement applied. That licence is to end when the 2014 agreement ends. The 2014 agreement provides that the rights to the name remain vested in the first claimant, and that the defendant may not register logos or trade marks without the first claimant's consent.
12. The 2015 agreement includes the grant by the defendant to the first claimant of a revocable licence to use the “AJA” name in the territory to which the 2015 agreement relates, which was the United Kingdom. That licence was to end when the 2015 agreement ended. The 2015 agreement provides that the rights to that name remain vested in the defendant, and that the first claimant may not register logos or trade marks without the defendant's consent. The 2015 agreement purports to give the defendant the right to change the trading name, and require the first claimant to change its name too, if so required.
13. All three of those agreements contain an arbitration agreement, and there is no dispute that in each case it is a valid arbitration agreement within the meaning of section 9 of the 1996 Act. What is disputed is whether the claim of the claimants is in respect of a matter or matters which, under any such agreement, are to be referred to arbitration.
14. There is another contract made between the first claimant and the defendant, and there are other contracts made between the first claimant and the defendant's parent company, to which the defendant was not a party. These are part of the history of these companies' relationship, and the defendant places some reliance on them. It is not said by the defendant that the matters in the claim are matters that, under arbitration agreements in those other contracts, are to be referred to arbitration.

15. The material wording of the arbitration agreement in the June 2014 agreement is as follows:

"The Parties agree to attempt to resolve any dispute, controversy, difference or claim arising out of the terms of this Mutual Cooperation Agreement ('the Dispute'), by using their best efforts to negotiate and settle amicably such Dispute. If after thirty (30) days of it arising, any such Dispute cannot be settled amicably through ordinary negotiations by senior representatives of AJA UK and the Counterpart, the Dispute may be referred to and resolved by arbitration by either Party by notice in writing to the other Party, specifying the nature of the Dispute and the point at issue."
16. The terms of the arbitration agreement in the 2015 agreement and the 2018 deed are substantially identical. Accordingly, what is to be referred to arbitration is any dispute, controversy, difference or claim arising out of the terms of those agreements.
17. The second claimant, which is the registered proprietor of the trade marks on which the claimants rely, has not made any arbitration agreement with the defendant. Accordingly, its claim cannot be stayed under section 9. Whether it is just and convenient to stay its claim under the court's inherent power is likely to depend on whether the first claimant's passing off claim must be stayed.
18. What the first claimant alleges is that in the United Kingdom it has a substantial business in providing certification to various standards, in a wide range of domestic markets. Until about a year ago, the first claimant used the name AJA Registrars, and the "AJA" logo, in which the second claimant has the registered trade marks, and it has a substantial goodwill in that business. The first claimant now trades as part of the Socotec group under that name, but says that its business is still known by many in the industry by the name "AJA".
19. The claimants allege that the defendant is using the "AJA" logo, or a very similar logo, in the United Kingdom, in connection with its business of providing certification, in the same markets in which the first claimant operates, thereby misrepresenting that its business, or services, are the business or services of the first claimant.
20. By notice given on 28 June 2018, the defendant terminated the 2014 agreement, under which the defendant had its licence to use the "AJA" logo, with termination to take effect no later than six months after the notice. The 2015 agreement was terminated, along with the other contracts, by letter dated 23rd August 2019, with effect from 23rd November 2019. There is no dispute about the valid termination of any of the agreements.
21. There is a dispute as to whether the 2014 agreement, as originally made, on its true interpretation conferred a right on the defendant to use the "AJA" logo in the United Kingdom but it is accepted by the defendant that, with effect from the date of the 2018 deed, there is no such right conferred, and, in any event, it accepts that the 2014 agreement, as amended, was terminated at the end of 2018.

22. The witness statement of Mr. Pagliuca of the defendant, at paragraphs 192-193, says as follows:

"192. As outlined in further detail below, the Defendant intends to bring arbitral proceedings in order to resolve the dispute between the parties as to the nature of their contractual relationship and their respective rights under those contracts. In addition to the June 2014 Agreement and the 2018 deed of amendment referred to by the Claimants in this claim, the arbitration is likely to involve consideration of the other agreements referred to above.

"193. The Defendant's position is that the factual dispute in these proceedings as to whether and to what extent the Claimants gave the Defendant permission to use the AJA name or any similar name in the UK (and whether any such permission has been terminated) is a dispute between the parties on this issue and the meaning and effects of the June 2014 Agreement and the 2018 deed of amendment, and that this amounts to a dispute, controversy or claim arising out of the terms of the June 2014 Agreement and the 2018 deed of amendment, and as such falls within the provisions of the Arbitration Agreements in those agreements."

23. The claimants were uncertain what defence the defendant was relying on in support of its application for a stay arising out of the terms of the 2014 agreement. So, by letter dated 10th February 2020, the claimants' solicitors asked the defendant's solicitors to spell out their proposed defence, so that the claimants could understand the basis of the stay application. They asked what facts and matters would be likely to be addressed in an arbitration that would be relevant to the determination of the claimants' claim.

24. The defendant's solicitors replied on 9th March 2020, to the effect that the defendant was not required to indicate the basis of its defence prior to a decision on jurisdiction. That was unhelpful, though the letter did then proceed to repeat the rather generalised allegations that had previously been made on behalf of the defendant in correspondence.

25. The letter then went on to state, in paragraph 10:

"Our client invites your clients to arbitrate with our client as regards (at least) the issues as to whether and to what extent your clients gave our client permission to use the AJA name, or any similar name in the UK (and whether any such permission has been terminated), being a dispute between the parties on this issue and the meaning and effects of the June 2014 Agreement and the 2018 deed of amendment."

26. It is, therefore, clear that the dispute that was intended to be arbitrated, and so fell within the scope of the arbitration agreement, was the effect of the 2014 agreement; to

what extent the defendant had been granted rights; and whether those rights had been terminated.

27. The passing off claim is a claim in tort that depends on the claimant establishing, first, goodwill, second, a misrepresentation by the defendant, and, third, damage to the claimants' reputation or business as a result. It is therefore not a claim under any of the contracts between it and the defendant. But is a disputed passing off claim nevertheless a dispute, or controversy, arising out of the terms of the 2014 agreement or the 2018 deed?
28. It could well be, if the defence was that there was arguably an extant licence under such an agreement, but it is not disputed now that the 2014 agreement was validly terminated, and that at least from 20th March 2018 it did not extend to rights in the United Kingdom. There is therefore no matter in the claim that could be referred to arbitration as a dispute, controversy, difference or claim, arising from the terms of the 2014 agreement, or the 2018 deed.
29. As the agreement progressed, Mr. Moss, for the defendant, placed reliance on other agreements. Under a 2010 agreement between the defendant's parent company and the first claimant, the parent gave permission to the first claimant to use the name "AJA", on terms that the rights remained with the parent, and that the first claimant agreed not to use the "AJA" name after termination. This agreement was one of those terminated on 23 November 2019. There may, therefore, be a claim by the parent company against the first claimant to enforce it, though none has yet been brought. I can see how that might enable the defendant to argue that the first claimant has no goodwill in the "AJA" name, but the defendant is not a party to that agreement, and so cannot rely on the arbitration agreement within it. Nor does that issue arise under any other agreement to which the defendant is a party.
30. In his reply submissions, Mr. Moss placed reliance on the 2015 agreement. He submitted that its provisions (a) assume that the defendant is the holder of rights in the "AJA" name in the United Kingdom at that time; (b) state that the rights to the name, logos and trade marks remain vested in the defendant, and that the first claimant would not, during the term of the agreement, register trade marks in the name "AJA" without the defendant's consent.
31. Mr. Moss's first difficulty was that the application, the defendant's evidence, and the pre-hearing correspondence had placed the claimants' case firmly on the basis of arbitration agreements in the 2014 and 2018 agreements. Neither of those are appropriate, for reasons that I have explained. He therefore applied to amend his application. I gave permission to amend, for brief reasons that I gave at the time, so the application notice now relies on the arbitration agreement in the 2015 agreement, as well as those in the 2014 and 2018 agreements.
32. Mr. Moss submits that there is an underlying dispute about who owns the name rights on which the validity of trade marks will depend. The ownership of rights is an issue that depends on the history of dealings between the first claimant, the defendant and the defendant's parent. There can be said to be a controversy or dispute under the terms of the 2015 agreement, in that the first claimant is putting in issue, as from late 2019, what the 2015 agreement recognises was the position in late 2015, and what the first claimant agreed would be the position during the term of that agreement, namely

that the defendant owned the rights to the “AJA” name in the United Kingdom. That agreement continued in force until November 2019, but the second claimant's trade marks were registered in 2018 and 2019, and the first claimant complains about the defendant's use of the logo during 2019. The first claimant also alleges that the defendant's UK trade mark, registered on 21 September 2018, was invalid, because it was applied for in bad faith, contrary to the terms of the agreements.

33. In that context, the main issues in the claim can be seen to be the underlying ownership of the name rights in the United Kingdom, whether the first claimant exclusively owns the goodwill in the United Kingdom businesses associated with that name, and whether the defendant's prior rights mean that there is no misrepresentation made by it. Although the issues arise in a claim in tort, they reflect issues about contractual entitlement and rights under the agreements,. Though, of course, the first claimant seeks to rely on the 2014 agreement, the defendant's defence will rely on other agreements, including the 2015 agreement.
34. There is, in my judgment, a sufficiently close connection between the issues in the tort claim and the dispute about ownership arising under the agreements in order to satisfy the test described by Marcus Smith J in *Microsoft Mobile Oy v Sony Europe Limited* [2017] EWHC 374 (Ch) at paragraph 72.
35. I therefore consider that the passing off claim is brought in respect of a matter which, under clause 16 of the 2015 agreement, is to be referred to arbitration. There are other claims that the defendant says that it, or its parent, wish to refer to arbitration, but those are not matters that arise in the claimants' claim.
36. There was the faintest of issues about whether an intellectual property claim could be referred to arbitration, on the basis that there is certain relief sought that only the court, or the United Kingdom Intellectual Property Office, can grant. That is not an impediment, however, to an arbitrator determining the substance of the dispute, and the underlying issues. The court will, if necessary, lend its powers in aid of the reference. The arbitrator can direct one or other party to make the necessary application, as part of his or her award.
37. Since I therefore conclude that I must order a stay in relation to the first claimant's claim, it is reasonably clear that, as a matter of discretion and good case management, the claim of the second claimant should also be stayed. It would be unsatisfactory to have a claim and a reference, both raising the issue of the ownership of the name rights, proceeding in parallel.
38. However, given the rather unsatisfactory and piecemeal way in which the defendant's defence has emerged, and the undoubted benefit to dispute resolution in this case of clarity at an early stage, I shall direct that the defendant must send to the claimants, within 28 days, a draft defence to the second claimant's claim, with confirmation that the draft defence is in the form that the defendant would have served and filed, had it been required to do so.
39. I accept that if these matters as a whole are to be arbitrated then the defendant should not be compelled to put the substance of the dispute into the public domain, any further than the issued claim form already has done.

40. The stay of the second claimant's claim will take effect from the sending of the draft defence, provided that the stay in relation to the first claimant's claim is operational.
41. In relation to the mandatory stay of the first claimant's claim, under section 9 of the 1996 Act, I will make that stay conditional, as the defendant accepts that I have jurisdiction to do. It is conditional on the defendant having, within six weeks of today, either appointed an arbitrator consensually with the claimants, or having validly made and not withdrawn an application for the appointment of an arbitrator.
42. In both cases, the reference must be to determine the issue of ownership of the rights to use the name "AJA", under the terms of the 2008-2018 agreements, or otherwise, but it may also include other issues. The reference may be made jointly with the defendant's parent company, if so advised. If the condition is not complied with, the stay will end, and the defendant's defence to the first claimant's claim will then be due within 28 days after the end of the stay.
43. In the event that there is any mishap with the appointment of an arbitrator, or other good reason, the parties have liberty to apply.

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