

TRADE MARKS ACT 1994

IN THE MATTER OF:

**TRADE MARK No. 2654977 REGISTERED IN THE
NAME OF HUNTER LAING & COMPANY LTD**

**AND INVALIDITY APPLICATION No. 500952
IN THE NAME OF ANDREW CROMBIE**

DECISION

1. Hunter Laing & Company Ltd (“the Proprietor”) is the proprietor of the trade mark DOUGLAS OF DRUMLANRIG registered under number 2654977 with effect from 5 March 2013 for the following goods in Class 33: *‘Scotch whisky; alcoholic beverages, but in so far as whisky and whisky based liqueurs are concerned only Scotch whisky and Scotch whisky based liqueurs produced in Scotland’*.
2. On 14 September 2015, Mr. Andrew Crombie (“the Applicant”) applied under number 500952 for the registration of the Proprietor’s trade mark to be declared invalid on various grounds. It was confirmed by the parties at the hearing before me that only two grounds of objection now remain to be considered on this appeal: Transcript p.56 lines 10 to 22 and p.119 line 17 to p.121 line 23.
3. The first remaining objection to validity (under s.5(4)(a) of the Trade Marks Act 1994) was raised and pursued on the premise that the Applicant was entitled at the relevant date (5 March 2013) to prevent use of the Proprietor’s trade mark for goods

of the kind for which it was registered by virtue of his earlier right to claim protection under the law of passing off in respect of the designations **DOUGLAS**, **DOUGLAS BLEND**, **CLAN DOUGLAS** and **DOUGLAS OF DRUMLANRIG**. 28 February 1936 was put forward as the date of first use in the United Kingdom for the first three of the cited designations and 25 February 1970 was put forward as the date of first use in the United Kingdom for the cited designation **DOUGLAS OF DRUMLANRIG**.

4. The supporting averments in the Applicant's Form TM 26(I) were to the same effect in relation to each of the cited designations:

The Cancellation Applicant's predecessors in title used the mark [---] in relation to whisky goods and generated a reputation in the United Kingdom in relation to those goods. The mark [---] was ultimately assigned to the Cancellation Applicant, which included all rights in the [---] mark (including goodwill and reputation). Unlicensed use by a third party of the mark DOUGLAS OF DRUMLANRIG will cause confusion and result in damage to the Cancellation Applicant, including damage to the acquired goodwill and reputation under the [---] brand.

5. The second remaining objection to validity (under s.3(6) of the Act) was raised and pursued upon the premise that the Proprietor's trade mark had been registered pursuant to an application made in bad faith. The supporting averments in the Applicant's Form TM26(I) were as follows:

The registration of the contested mark should be refused under Section 3(6) of the Trade Marks Act. The Cancellation Applicant strongly contends that the contested mark has been filed in bad faith as the Owner is well aware of the

Cancellation Applicant's DOUGLAS OF DRUMLANRIG mark, the Cancellation Applicant and his predecessors in title, and their reputation in the whisky business. Accordingly the conduct of the Applicant is dishonest and falls below the normal standards of commercial behaviour. Separately, the Owner has stated in related proceedings that "Douglas Laing & Company Limited (company number SC027619) was the proprietor of the following trade marks. Subsequently the trade marks [whisky trade marks, brands and their associated labels, copyright, designs, packaging and getup] were assigned to Hunter Laing & Company Limited". The list of trade marks include the mark "DOUGLAS OF DRUMLANRIG". Douglas Laing & Company (company number SC026719) was in fact not the proprietor but a mere licensee of the Cancellation Applicant and the Cancellation Applicant's predecessor in title. The principal director of the Owner was a principal director of Douglas Laing & Company Limited and was cognisant, or was negligently incognisant, of the foregoing.

6. I pause at this point to emphasise that : *'A registered trade mark is a property right obtained by the registration of the trade mark under this Act'*: s.2(1) of the 1994 Act. Title to a protected trade mark arises solely by virtue of an entry in the register identifying the natural or legal person(s) to whom the original certificate of registration is issued on completion of a procedure initiated by a simple request for registration filed in the required manner. There is no legal or administrative requirement under the 1994 Act for a person requesting registration to make an a priori claim to proprietorship of the trade mark he is putting forward for protection; the present system factors nothing more than the concept of acquiring 'title by registration' into the application stage and leaves it to those who would wish to contend that title has not been validly acquired to object on grounds available for that purpose under the Act: Lovell v. Ennis (THE SWINGING BLUE JEANS Trade Mark) [2014] RPC 32; BL O/148/14; at paras [9] and [10].

7. Although trade mark rights acquired through use remain protected, they are taken into account *‘only with regard to their relationship with trade marks acquired by registration’* as stated in the 11th Recital in the preamble to the Recast Trade Marks Directive: Directive (EU) 2015/2436 (formerly the 5th Recital in the preamble to the 2008 Trade Marks Directive: Directive 2008/94/EC, previously the 4th Recital in the preamble to First Council Directive 89/104). In s.5(4)(c) of the Act it is provided (with emphasis added) that *‘A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented - (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade; ... **A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark**’*. The Applicant was required by Regulations 5(1) and 5(2)(b) of The Trade Marks (Relative Grounds) Order 2007 (SI No.1976 of 2007) to be *‘the proprietor of the earlier right’* he had invoked under s.5(4)(a) in the present case. He therefore needed to demonstrate that he had a proprietorial interest in the goodwill in the United Kingdom which he was seeking to protect (as discussed in Williams and Williams v. Canaries Seaschool SLU (CLUB SAIL Trade Marks) [2010] RPC 32; BL O-174/10; at para [29]).

8. The proposition of law to which s.3(6) gives effect is that the right to apply for registration of a trade mark cannot validly be exercised in bad faith. The invalidity of the application is not conditional upon the trade mark itself being either registrable or unregistrable in relation to any goods or services of the kind specified. The objection is absolute in the sense that it is intended to prevent abusive use of

the system for acquiring title to a trade mark by registration. Any natural or legal person with the capacity to sue and be sued may pursue an objection on this ground: see the judgment of the CJEU in Case C-408/08P *Lancôme parfums et beauté & Cie SNC v. OHIM*, EU:C:2010:92 at paragraph [39] and the Opinion of Advocate General Ruiz-Jarabo Colomer in that case EU:C:2009:634 at paragraphs [63] and [64]. Since there is no requirement for the objector to be personally aggrieved by the filing of the application in question, it is possible for an objection to be upheld upon the basis of improper behaviour by the applicant towards persons who are not parties to the proceedings provided that their position is established with enough clarity to show that the objection is well-founded. This was an aspect of the way in which the case for the Applicant was argued under s.3(6) at first instance and on appeal in the present case.

9. The Applicant's objections to the registration of the Proprietor's trade mark were rejected for the reasons given by Mr. Mark Bryant on behalf of the Registrar of Trade Marks in a Decision issued under reference BL O/587/17 on 22 November 2017. In a Supplementary Decision as to Costs issued under reference BL O/118/18 on 22 February 2018, the Hearing Officer ordered the Applicant to pay £5,250 to the Proprietor in respect of its costs of the Registry proceedings.
10. The evidence filed by the parties was extensive. It was carefully examined and comprehensively summarised by the Hearing Officer in paragraphs [8] to [19] of his Decision. In paragraphs [20] to [53] of his Decision, he reviewed the evidence given orally by the Applicant and Mr. Stewart Laing (Managing Director of the

Proprietor) in the course of cross-examination at the hearing which had taken place before him in Glasgow on 14 September 2017.

11. The Applicant claimed to be the successor in title to the goodwill and reputation built up and acquired through use of the designations identified in paragraph [3] above. His predecessor in title was said to have been the Shieling Scotch Whisky Company Ltd (“Shieling”) which was incorporated as The Shieling Shipping & Trading Co Ltd on 25 February 1970. It appears from Companies House filings that the company changed its name to The Shieling Scotch Whisky Company Ltd by special resolution passed on 9 March 1981. The designations were said to have been used in the course of trade by Douglas Laing & Co Ltd (“DLC”) under licence from Shieling. Shieling was struck off the Register of Companies and dissolved on 1 September 2009. It was said to have assigned its trade marks and goodwill to the Applicant in November 2008, having before that authorised him to exploit the subject matter of the assignment under a licence granted to him in or around August 2003. Shieling was restored to the Register of Companies on 19 September 2016 (Exhibit CRO-PAH-42) pursuant to an order of the Central London County Court dated 18 August 2015 (Exhibit CRO-PAH-44). On 4 November 2015, the restored company executed an Assignment in favour of the Applicant (Exhibit CRO-SWH-10) which was said to have vested in him as of 1 November 2008 the subject matter of the earlier rights he had asserted against the registration in suit in his application for invalidity filed on 14 September 2015.

12. The Applicant's written and oral evidence was not only confused and confusing in relation to these matters, but also deficient in key respects for lack of important documentation. His claim to the effect that the Applicant had acquired title to the earlier rights in question by means of a retroactive assignment from Shieling on 4 November 2016, following restoration of the company to the Register of Companies on 19 September 2016, was advanced at the hearing on 14 September 2017 without obtaining the requisite permission to amend his pleadings. And it was advanced despite the Hearing Officer's ruling at a Case Management Conference on 8 December 2016 that evidence which he had attempted to adduce in support of it should be excluded from the case. Having '*regrettably*' omitted to identify the 4 November 2016 Assignment as an item of excluded evidence in his decision letter of 8 December 2016, the Hearing Officer proceeded to address the Applicant's claim based upon it.
13. The Hearing Officer found that the evidence and materials before him: (1) failed to substantiate the Applicant's claim to proprietorship of trade marks and goodwill by assignment from Shieling prior to its dissolution on 1 September 2009: paragraphs [57], [58] to [60], [83], [84], [86] to [90] and [94]; and (2) failed to establish the Applicant's claim to proprietorship of trade marks and goodwill by assignment from Shieling with retroactive effect following the order for restoration of it to the Register of Companies in August 2016: paragraph [85]. His conclusion as stated in paragraph [90] was: '*In light of all of the above, I conclude that, at the relevant date or any date before that, [the Applicant] did not have the requisite goodwill and his claim based upon section 5(4)(a) fails*'.

14. For the purposes of the objection to registration under s.3(6), it was contended that the Proprietor had been acting improperly towards: (1) the Applicant; and/or (2) Shieling; and/or (3) DLC and its shareholders; when it applied to register the trade mark in issue on 5 March 2013. The Hearing Officer covered all three accusations in his Decision, notwithstanding that the way they were presented in argument went far beyond the Applicant's case as pleaded.
15. Accusation (1) was ruled out by the Hearing Officer's finding to the effect that the Applicant had not at any relevant time had a protectable interest of his own in the trade marks or goodwill with regard to which the Proprietor's application for registration was alleged to have been improperly filed.
16. The Hearing Officer rejected accusation (2) because he considered that the Proprietor's application for registration had been reasonably filed for the protection of a legitimate interest in the commercial exploitation of the trade mark DOUGLAS OF DRUMLANRIG more than 4 years after Shieling had dropped out of the picture and at a time when any rights which Shieling might otherwise have possessed had passed to the Crown as bona vacantia on dissolution of the company on 1 September 2009: paragraphs [94], [95], [98] and [100].
17. Accusation (3) related to the sequence, nature and timing of the arrangements pursuant to which the Proprietor became the successor in interest to DLC with respect to use and enjoyment of the previously unregistered trade mark DOUGLAS OF DRUMLANRIG:

- (1) Mr. Stewart Laing was a director of DLC from 14 May 1998 to 30 April 2013 (Exhibits CRO-PAH-7 and CRO-PAH-8).
- (2) He became a director of the Proprietor on 1 March 2013 (Exhibits CRO-CRO-13 and CRO-PAH-3).
- (3) The Proprietor was registered in Scotland as company number SC442464 on 11 February 2013 (Exhibit CRO-PAH-1).
- (4) It was incorporated with a view to receiving 50% of the assets and undertaking of DLC on demerger for the purpose of enabling Mr. Stewart Laing and his brother Mr. Frederick Laing to follow separate paths in pursuit of their business interests.
- (5) The demerger was implemented on 30 April 2013: DLC passed the resolutions it needed to pass (Exhibit CRO-PAH-9) in order to execute the applicable Transfer Agreement (Exhibit SL9) and distribute 50% of its assets and undertaking in specie to the Proprietor with (so far as relevant for present purposes) the underpinning of formal assignments of the associated intellectual property rights, including trade marks and concomitant goodwill (Exhibits SL1 and SL8).
- (6) The associated intellectual property rights expressly included the entirety of DLC's right, title and interest in and to the unregistered trade mark

DOUGLAS OF DRUMLANRIG and the goodwill of the business relating to the goods in respect of which it had been used (Exhibit SL1).

- (7) Among the resolutions passed on 30 April 2013 was SPECIAL RESOLUTION 2 authorising DLC “to declare the dividend in specie and enter into the Transfer Agreement and all related documents pursuant to section 190 of the Companies Act 2006, notwithstanding the fact that Stewart Hunter Laing, a director of the Company, is a director of and connected (as defined in the Companies Act 2006) with [the Proprietor]” (Exhibit CRO-PAH-9).
- (8) The Proprietor had applied to register the trade mark DOUGLAS OF DRUMLANRIG under number 2654977 on 5 March 2013 (Exhibit CRO-PAH-38).
- (9) Mr. Stewart Laing gave evidence under cross-examination at the hearing on 14 September 2017 that he and his brother had agreed that the application for registration filed by the Proprietor on 5 March 2013 could go ahead in advance of completion of the demerger on 30 April 2013 (Transcript pp.56, 57).
- (10) There was no evidence that DLC or its shareholders had raised any objections or expressed any concerns with regard to the filing of the Proprietor’s application to register the trade mark DOUGLAS OF DRUMLANRIG on 5 March 2013.

18. The Applicant persistently sought to impugn the propriety of the trade mark filing at the hearing on 14 September 2017 (Transcript pp.56 to 61, 63, 65, 105 to 107, 119 and 120) and in written representations sent to the Hearing Officer after the hearing (emails timed at 08:00 on 15 September 2017, 12:12 on 18 September 2017 and 13:27 on 27 September 2017) on the basis of unpleaded accusations of breach of fiduciary duty and overreaching behaviour by Mr. Stewart Laing. The Hearing Officer considered them to be accusations which had no prospects of success: paragraphs [97] and [99]. He rejected them for the reasons he gave in paragraphs [96] to [100] of his Decision.
19. The Applicant appealed to an Appointed Person under s.76 of the 1994 Act, contending in the Reasons for Appeal accompanying his Form TM55P that the Decision was wrong and should, in all respects adverse to his case below, be reversed. The Reasons for Appeal (16 pages) were prolix and in large measure opaque. The Applicant's Skeleton Argument (19 pages) subsequently filed in support of the Appeal was more focussed. The Supplemental Skeleton Argument (7 pages) filed on the day of the Appeal concentrated on: (1) the alleged acquisition of rights by assignment from Shieling to the Applicant in 2008; (2) the alleged assignment of rights to the Applicant with retroactive effect to 2008 following the restoration of Shieling to the Register of Companies in 2016; (3) the alleged failure of the Proprietor to acquire rights in and to the trade mark DOUGLAS OF DRUMLANRIG under and by virtue of the demerger from DLC in 2013; and (4) "*The issue of Mr. Laing's negligent incognisance*".

20. It was not until the final stages of the hearing of the Appeal that the Applicant confirmed that the only matters which remained to be determined were his objections to registration under s.5(4)(a) and s.3(6) of the Act. The question for this tribunal on appeal is, in essence, whether it was open to the Hearing Officer, on the evidence and materials before him, to conclude as he did for the reasons he gave that registration of the trade mark in issue was not caught by either of those objections. The appeal in relation to those objections can, in my view, be appropriately addressed in the context of the points I have numbered (1) to (4) in the preceding paragraph.
21. Point (1). In paragraph [88] of his Decision, the Hearing Officer stated: *“Throughout the proceedings, [the Applicant] has coalesced the separate legal entities of himself as an individual legal person and Shieling. The consequence of this is that, whilst he believes he is the owner of any relevant goodwill, the evidence points to any such goodwill being retained by Shieling until it was struck off”*. Having reviewed the evidence and materials on file, I consider that this was a fair and accurate appraisal. It was asserted in paragraph 7(c) of the Applicant’s Supplemental Skeleton Argument that *“the corporate veil can be brushed aside in the present case”* (a proposition which was pursued in oral argument at the hearing of the Appeal: Transcript p.107 line 20 to p.108 line 23). However, there is no basis upon which it would be permissible for present purposes to ‘pierce the corporate veil’ and equate or assimilate the Applicant with Shieling on giving effect to the law as stated by the Supreme Court in Prest v. Petrodell Resources Ltd [2013] UKSC 34 at paras. [35], [81], [82], [99], [100], [103] and [106], reiterated by the Privy

Council in Persad v. Singh [2017] UKPC 32 at para. [17] and further affirmed by the Court of Appeal in Rossendale Borough Council v. Hurstwood Properties (A) Limited [2019] EWCA Civ 364 at paras. [31] to [55]. I am satisfied that the Hearing Officer was entitled to find that the evidence and materials before him failed to substantiate the Applicant's claim to proprietorship of trade marks and goodwill by assignment from Shieling prior to its dissolution on 1 September 2009 for the reasons he gave in paragraphs [57], [58] to [60], [83], [84], [86] to [90] and [94] of his Decision.

22. Points (2). The Assignment on which the Applicant relies (Exhibit CRO-SWH-10) was executed by Shieling on 4 November 2016. By Clause 2.1, Shieling irrevocably and unconditionally transferred and assigned to the Applicant absolutely: (1) *'the Assigned Assets'* (defined in Clause 1.1); (2) Shieling's *'world-wide rights, title and interests in and to the Assigned Rights'* (defined in Clause 1.1); and (3) Shieling's *'world-wide right to sue for infringement of the Assigned Rights prior to the Effective Date'* (defined in Clause 1.1).
23. The *"Assigned Assets"* were defined as *'all assets of the Assignor wherever subsisting'* of the kind described in the applicable definition, including *'Works'* (as further defined), *'Confidential Information'* (as further defined), *'all work product of the Assignor and its Representatives'* (as further defined) and *'the benefit of any contract past, present and future'*.
24. The *'Assigned Rights'* were defined as *'all rights of the Assignor wherever subsisting'* of the kind described in the applicable definition, including *'all*

Intellectual Property Rights past, present and future (including for the avoidance of doubt all Licenced Rights) and all common law rights in and relating thereto with *'Licenced Rights'* being further defined in Recital (A) and *'Intellectual Property Rights'* being further defined in Clause 1.1.

25. The Assignment did not by Clause 2(1) assign to the Applicant any *'Assigned Assets'* or *'Assigned rights'* other than those *'of the Assignor wherever subsisting'* at the date on which it was executed (4 November 2016). The *'Assigned Assets'* and *'Assigned Rights'* which Shieling then possessed were assigned on 4 November 2016 *'as of the Effective Date'* and *'As of the Effective Date, the Assignor disclaims any right, title or interest in or to the Assigned Rights'* (Clause 2.2).
26. The *'Effective Date'* was defined in Clause 1.1 as 1 November 2008. The Applicant's attempt to claim under the Assignment as if it had been executed by Shieling on 1 November 2008 was rejected by the Hearing Officer in paragraph [85] of his Decision on the basis that, despite being made *'as of'* that date, it could not change historical fact so as to alter the position of the Proprietor relative to that of the Applicant or Shieling as it existed at any time prior to 4 November 2016.
27. I agree with the Hearing Officer's determination to that effect. Although it was open to Shieling and the Applicant to agree on 4 November 2016 that the terms of the Assignment should then and thereafter apply to them as of 1 November 2008, it was not within their power to agree that the terms of it should apply to the Proprietor or any other third party as of that date.

28. As observed and confirmed by the Court of Appeal in BIC UK Ltd v. Burgess [2019]

EWCA 806 per Henderson LJ:

- [53] ... Obviously, the clock cannot be turned back in the real world. Events which have actually happened cannot be undone, and events which never took place cannot later be turned by magic into events which did in fact happen. Outside the world of science fiction, the past cannot be rewound and replaced with a different version of historical reality. In that important and literal sense, history cannot be re-written.
- [54] On the other hand there is no reason in principle why parties should not have the freedom to agree to proceed for the future on the basis that historical facts are to be treated, in a specific context or for certain purposes, as modified in a particular way which departs from historical reality. So, for example, as a matter of contract, or a common assumption that may ground an estoppel by convention, it is normally open to parties to modify or replace the historical record with a different version of past events which will govern their future legal relationship. ...
- [55] I have spoken so far of parties agreeing to depart from historical reality for the future, but in principle it must also be open to them to agree that their past relationship is to be treated as having departed from historical reality in specified respects. A deemed or hypothetical state of affairs can be projected backwards as well as forwards, if that is what the parties intend. But if it is projected backwards, the problem has to be confronted of possible conflict between the hypothetical state of affairs and the historical reality of what did or did not happen. Resolution of that conflict is again normally a matter of giving effect, as far as possible, to the parties' intentions, objectively ascertained; but however the conflict is resolved, as between the parties, one thing which cannot be changed is the historical reality of what did, or did not, happen in the past.

Consistently with these considerations, it is the historical reality of the past which must prevail over the subsequently implementation of the 4 November 2016 Assignment in the present case.

29. I am satisfied that the Hearing Officer was entitled to find that the evidence and materials before him failed to substantiate the Applicant's claim to proprietorship of trade marks and goodwill by assignment from Shieling with retroactive effect for the reasons he gave in para. [85] of his Decision.
30. Point (3). The Applicant contended in support of point (3) that the Proprietor applied to register the trade mark DOUGLAS OF DRUMLANRIG without having validly or effectively acquired any right, title or interest from DLC entitling or enabling it to do so (Skeleton Argument, paragraphs 31 to 46 and 71; Supplemental Skeleton Argument, paragraphs 16 to 24). It appears from paragraphs [96] to [100] of his Decision that the Hearing Officer proceeded on the basis that the Proprietor acquired DLC's right, title and interest in and to the previously unregistered trade mark DOUGLAS OF DRUMLANRIG on completion of the demerger which took place on 30 April 2013. I think that was clearly achieved by the route I have described in paragraph [17] above.
31. The Hearing Officer considered that the application to register DOUGLAS OF DRUMLANRIG on 5 March 2013 was a prudent business action undertaken in the realistic expectation that the demerger which took place on 30 April 2013 would include (as it did) a transfer to the Proprietor of DLC's right, title and interest in and to that trade mark. I agree. However, the direct answer to the Applicant's

contentions in relation to point (3) is that it was unnecessary, for the reasons I have explained in paragraphs [6] and [7] above, for the Proprietor to obtain a transfer of rights from DLC in order to file an application for registration of the trade mark DOUGLAS OF DRUMLANRIG.

32. Point (4). The aim of the Applicant's argument on 'negligent incognisance' was, as I understood it, to fix the Proprietor with knowledge of matters that would supposedly have come to light if it had carried out investigations of the kind which the Applicant says it should have carried out in order to establish whether its application to register DOUGLAS OF DRUMLANRIG was compatible with the rights that others might have been able to claim in relation to that trade mark and then to treat the application as having been filed with that knowledge for the purpose of characterising it as an application made in bad faith.
33. It was suggested in this connection that relevant existing registrations were culpably ignored for lack of appropriate clearance searches and, more generally, that there was a culpable lack of due care and due diligence with regard to the interests that others (including the Applicant, the Duke of Buccleuch, the Crown as successor to Shieling on dissolution and DLC and its shareholders) might have possessed and been minded to assert against the Proprietor's application for registration. At the hearing of the Appeal, the Applicant struggled to explain why it should be found that the results of searches of the kind envisaged would have placed the Proprietor in a situation in which it could not reasonably have believed that there was no

conflict between its application for registration and the rights of any identified or identifiable third parties: Transcript p.101, line 25 to p.107, line 8.

34. Bad faith for the purposes of s.3(6) of the Act is an autonomous concept of EU law which must be given a uniform interpretation in the EU: Case C-320/12 Malaysia Dairy Industries Pte Ltd EU:C:2013:435 at para. [29]. The fact that an applicant for registration of a trade mark knows or should have known that a third party was using an identical or similar sign for an identical or similar product is not sufficient, in itself, to permit the conclusion that the applicant is acting in bad faith; consideration must, in addition, be given to the applicant's intention at the time when he files the application for registration of a mark, a subjective factor which must be determined by reference to the objective circumstances of the particular case: Case C-529/07 Chocoladefabriken Lindt & Sprungli EU:C:2009:361 at paras. [40] to [42]; Case C-320/12 Malaysia Dairy Industries Pte Ltd (above) at para. [36].
35. As Advocate General Trstenjak observed at para. [21] of her Opinion in Case C-482/09 Budejovicky Budvar NP v. Anheuser-Busch Inc EU:C:2011:46 there is nothing intrinsically wrong or improper in a person exercising *'the right to apply the rules of substantive and procedural law in the way that is most to his advantage without laying himself open to an accusation of abuse of rights'*. In Case C-488/16P Bundesverband Souvenir (NEUSCHWANSTEIN) EU:C:2018:673 at para. [83] the CJEU went so far as to say that *'even in a situation where the applicant files an application for registration of a sign with the sole aim of competing unfairly*

with a competitor who is using a similar sign, it cannot be excluded that the applicant's registration of the sign may be in pursuit of a legitimate objective'.

36. The argument raised and pursued by the Applicant on the basis of 'negligent incognisance' does not accord with the case law of the CJEU relating to the concept of bad faith. I think it is clear from the evidence and materials before the hearing Officer that the Proprietor applied to register the trade mark DOUGLAS OF DRUMLANRIG in pursuit of its legitimate interests as prospective assignee of the rights of DLC in connection with the impending demerger and did so without contemplating let alone intending that the application would or should trample upon the antecedent rights of any third party. I am therefore satisfied that the Hearing Officer was entitled to reject the Applicant's objection to registration under s.3(6) for the reasons he gave in his Decision (see paragraphs [14] to [18] above).
37. The Applicant's Appeal is dismissed for the reasons I have given. I approach the question of costs in the manner indicated in paragraphs [12] to [14] of my decision in AMARO GAYO COFFEE Trade Mark BL O/257/18 (25 April 2018). Having regard to what I consider to be the amount of effort and expenditure that is likely to have been reasonably and productively incurred in defence of the Hearing Officer's Decision and in resisting the Applicant's broadly presented and unsuccessful Appeal, I think it would be reasonable to order the Applicant to pay £4,750. to the Proprietor in respect of its costs of the Appeal. That sum is to be paid within 21 days of the date of this Decision. It is payable in addition to the sum of £5,250. awarded to the Proprietor in respect of its costs of the proceedings in the Registry.

BL O/276/19

Geoffrey Hobbs QC

22 May 2019

Mr. Chris Aikens instructed by Murgitroyd & Company appeared on behalf of the Proprietor.

Mr. Philip Hannay of Cloch Solicitors appeared on behalf of the Applicant.

The Registrar took no part in the Appeal.