

O-285-11

**TRADE MARKS ACT 1994**

**CONSOLIDATED PROCEEDINGS IN THE MATTER OF:**

- 1) TRADE MARK APPLICATION 2534213 IN THE NAME OF NILLERGEN LIMITED IN RESPECT OF THE TRADE MARK: NILLERGEN IN CLASSES 3 & 5 AND OPPOSITION THERETO (NO 100690) BY MICHAEL KAPLAN**

**AND**

- 2) TRADE MARK APPLICATION 2533961 IN THE NAME OF MICHAEL KAPLAN IN RESPECT OF THE TRADE MARK: NILLERGEN IN CLASSES 3 & 5 AND OPPOSITION THERETO (NO 100221) BY NILLERGEN LIMITED**

## TRADE MARKS ACT 1994

### THE BACKGROUND AND THE PLEADINGS

1) These are cross-oppositions relating to two applications to register the trade mark NILLERGEN. The first application was filed by Mr Michael Kaplan on 10 December 2009. Mr Kaplan seeks registration in respect of:

**Class 03:** Cleaning preparations; cleaning preparations incorporating substances for the control of allergens.

**Class 05:** Preparations for denaturing allergen protein; air fresheners; air purifier

2) Mr Kaplan's application was published in the Trade Marks Journal on 1 January 2010. Nillergen Limited ("NL") opposes the registration of Mr Kaplan's application. NL opposes the application under section 3(6) of the Trade Marks Act 1994 ("the Act") claiming that it was made in bad faith. The reasons for the claim are that:

"...the Applicant [Mr Kaplan] was engaged by the Directors of the Opponent (before the Opponent was formed as a legal entity) in a brand creation capacity, with the basis of engagement being that the said Directors would be provided with a new name and brand identity for use by an existing company of the said Directors or by a new legal entity to be incorporated by the said Directors. The Opponent accordingly contends that the Applicant is not the true proprietor of the mark that forms the subject of Application No. 2533961 and the application should be refused registration.

The Opponent further contends that the Applicant has no bone fide intention to use the mark that forms the subject of Application No. 2533961 – insofar as the Applicant has any real interest in the mark NILLERGEN, the Opponent contends that such interest is in the nature of trying to stop the Opponent from using the mark; or, insofar as there is no present or fixed intention to use the mark, the Applicant is trying to stockpile the mark for use at some indeterminate time in the future; or the Applicant has filed for registration with a view to selling the mark to the Opponent."

NL also oppose under section 5(4)(a) claiming that it has used the NILLERGEN mark since September 2009.

3) Mr Kaplan filed a counterstatement denying the grounds of opposition. He accepts that he was engaged to create a brand, by Bio-Life International Ltd ("Bio-Life"), and that the trade mark NILLERGEN was created as part of this. He

states that his work was carried out at a reduced rate in return for a 10% share in the company [whether this is a 10% share in Bio-Life or any to be formed company is not clear]. He says that after he presented his proposals on 20 April 2009, the directors of Bio-Life incorporated NL<sup>1</sup> on 28 April 2009; at no time was Mr Kaplan's consent sought or given for this. Mr Kaplan claims that he has received neither payment nor shares for his work. It is stated that no Intellectual Property rights created by Mr Kaplan have been transferred to Bio-Life or NL; what Intellectual Property rights created are not specified. It is claimed that Mr Kaplan has researched the market and sought potential suppliers and expects to be in a position to commence trading in the goods specified within a reasonable period of time. In relation to the passing-off claim, he says that NL has no right of ownership, so use by him cannot constitute passing-off. It is stated that if NL maintains its claim to ownership then it is required to provide proof of a reputation/goodwill as of 10 December 2009 together with evidence of misrepresentation and damage.

4) NL's application was filed on 11 December 2009, the day following that of Mr Kaplan. NL seeks registration in respect of:

**Class 03:** Non-medicated toilet preparations; cosmetic preparations; non medicated toilet preparations for the care of the skin, scalp or body; skin care preparations; preparations for cleansing the skin having anti-bacterial properties; face and body moisturising preparations; moisturisers; skin toners; facial scrubs and washes; shower gels and shower creams; bath creams and bath foams; soaps; shaving foams; shaving gels; pre-shaving and after-shaving lotions; non-medicated preparations for application to the skin for sun-tanning and/or sun-screening process; after-sun moisturiser; deodorants; anti-perspirants; talcum powder; toilet waters; sprays for use on the body; preparations for care of the hair; shampoos, conditioners, styling preparations; hair colorants and hair dyes; cosmetics; perfumery; essential oils; eau de colognes; dentifrices; non-medicated mouthwashes; nail polish; nail polish remover; grooming products for animals; washing and cleaning preparation for animals; shampoos for animals; shampoos and cleaning preparations for dogs and cats; deodorising preparations for application to animals; room sprays; cleaning preparations and substances; anti-allergen cleaning preparations and substances; cleaning preparations and substances for preventing and / or assisting in the treatment of allergies.

**Class 05:** Pharmaceutical, veterinary and medicinal preparations and substances; medicated oils, powders, soaps, creams, gels, lotions and sprays; medicated skincare preparations; medicated preparations for the hair and scalp; medicated shampoo; medicated foot-care preparations; medicated cleaning and washing preparations for application to animals; medicated shampoos for animals; veterinary and pharmaceutical

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<sup>1</sup> Initially as Nillergren Ltd but this was corrected to Nillergen Ltd in 20 May 2009.

preparations for application to dogs and cats to help prevent eczema, dermatitis and fleas; deodorising preparations for application to animals; deodorising preparations for application on dogs; room sprays for preventing and / or treating allergies.

5) NL's application was published in the Trade Marks Journal on 9 April 2010. Mr Kaplan opposes the registration of NL's application. Mr Kaplan opposes the application under sections 5(1) and 5(2)(a) of the Act on the basis of his earlier application for the trade mark, and, also, under 3(6) of the Act claiming that NL made its application in bad faith. The reasons provided for the bad faith claim are that whilst Mr Kaplan was engaged by NL's directors to create the brand, he was not paid for the work and, so, ownership of the brand remains with him.

6) NL filed a counterstatement denying the grounds of opposition. The section 5(1) & 5(2)(a) grounds are denied because the earlier mark is subject to opposition and, if successful, the ground will not exist. In relation to section 3(6), it is claimed that the circumstances described above (in its opposition case) mean that ownership of the mark rests with NL. Evidence was filed by both sides as were written submissions in lieu of attending a hearing.

## **THE EVIDENCE**

### **Evidence for NL – witness statement of Mary Lloyd**

7) Ms Lloyd is a director of NL. She has been involved in the manufacture and sale of anti-allergen products since 1991. Until 1996 Ms Lloyd was employed by Boots Company Plc ("Boots"); she left Boots to run her own companies, including Bio-Life. Bio-Life sells anti-allergen products under various trade marks including: BIO-LIFE, PETAL CLEANSE, AIR CLEANSE, HOME CLEANSE and MEDI CLEANSE (labeling for such products is provided in Exhibit (ML1)).

8) In February 2009 Ms Lloyd contacted two DTI approved consultants (Tim Davy & Bettina Rubek-Slater) to provide advice on the further promotion of Bio-Life's brands. An email from Mr Davy to Ms Lloyd in Exhibit ML2 supports this. Exhibit ML3 contains a PowerPoint presentation said to have been produced by Ms Rubek-Slater – part of her plan was re-branding. Further emails between these individuals are provided (dated 1 March 2009) relating to the marketing plan and meetings that were to take place.

9) Ms Lloyd states that she had concerns about rebranding so wanted a second opinion. To this end she came across the website of GUERILLASCOPE, a TV advertising company, who offered free advertising plans (a print in ML4 supports this). Ms Lloyd completed an enquiry form which was acknowledged (on 19 March 2009) by Mr David Yorath; Mr Yorath explained that one of Guerillascope's TV planners would be in touch shortly. Ms Lloyd then attended a meeting at Chelsea Football Club with Mr Yorath on 27 March 2009. Mr Graham

Warmington, another director of Bio-Life, was also in attendance. Various emails about the meeting are provided in ML6 in support of this.

10) Ms Lloyd states that Mr Kaplan also attended the meeting and was introduced to her as a brand expert who could advise on broader marketing issues. There is no mention of Mr Kaplan's prospective attendance in the emails mentioned above. At the meeting, the discussion is said to have moved from television advertising to re-branding. It is stated that a different, better suited brand name for sales made through pharmacies (sales through pet stores are said to already be good) was felt to be needed. Whether this was Mr Yorath or Mr Kaplan's advice is not clear, it may just have been a general conversation.

11) Ms Lloyd states that Mr Kaplan advised her that his expertise lay in brand creation and subsequent advertising/promotion. On 22 April 2009 Ms Lloyd asked for Mr Kaplan's CV. This was duly provided, from which it can be seen that Mr Kaplan has a record of successful working in the advertising industry, having worked on a number of well-known brands/advertising campaigns. She highlights that Mr Kaplan's email was from starscrapper@btinternet.com and, so, he was writing in his capacity as a director of that company. I note from Mr Kaplan's CV that he established Starscrapper Limited ("Starscrapper") in 2008 as a creative consultancy service provider.

12) Exhibit ML9 contains a letter from Guerillascope (written by David Yorath) to Ms Lloyd and Mr Warmington dated 14 April 2009. It includes a re-launch plan and a budget forecast. I note the following:

"This will not be like a normal agency and client relationship and that's got to be a good thing. We are the people actually in the engine room and we expect that you will be in it with us. The fees for Tim [Yorath] and Michael [Kaplan] are shown against each part of the process but are not only for those exact parts. Their fees include them getting involved fully in all parts of the communications process for the whole pre-launch period."

and

"The fees for Tim and Michael are a 60% reduction on their normal rate as we hope to be able to agree the 10% share in the company that Michael touched on in your conversations".

13) Ms Lloyd states that the services of Guerillascope and Starscrapper were to be on the basis of lower rates than normal in return for a greater than usual control over the way the new brand would be developed/promoted and a share in the profits generated by the business that would emerge under the new name, the financial details of which would need to be sorted out. Ms Lloyd states that this type of relationship was an acceptable way of proceeding. She also highlights that one of the items on the budget forecast was for brand

positioning/identity design and brand names, and the £10,000 forecast fee for Tim and Michael in relation to this. She states that whilst the relationship between Bio-Life and Guerillascope/Starscrapper may not have been intended to be “normal”, the relationship was still one where Bio-Life was the instructing principle/client and Guerillascope/Starscrapper were providing services on an agency basis. The Tim referred to above is Tim Charlesworth, whom Ms Lloyd believes to be a co-director of Starscrapper working alongside Mr Kaplan.

14) At a further meeting at Chelsea Football Club on 20 April 2009<sup>2</sup>, Mr Kaplan introduced the NILLERGEN name for consideration. Bio-life agreed to pay for the name to be checked and for a “pre-concept” to be designed. ML10 is an email from Mr Kaplan to Ms Lloyd with the results of checks to make sure that the NILLERGEN name had no negative connotations in other languages. The email again comes from Starscrapper.

15) On 28 April 2009 Mr Kaplan (and an unnamed colleague) visited Bio-Life at a location identified as Brailes. At this meeting the shareholding structure and a new company was said to be confirmed. The shareholding structure is not specified. The new company was NL which was incorporated that day (albeit with the spelling mistake noted earlier, which was subsequently corrected).

16) On 5 May 2009 Mr Kaplan sent Ms Lloyd an email containing proposed packaging designs (Exhibit ML12). On 12 May 2009 Starscrapper sent Bio-life (albeit Biolife Medicare Ltd) an invoice in respect of fees for brand development, marketing/advertising consultancy and logo and packaging concept and design. The sum invoiced was for £7,590.00

17) Ms Lloyd states that the plans for TV advertising were dropped because funds could not be obtained from the bank. It is stated that, regrettably, this also left them unable to pay the invoices received from Starscrapper. Ms Lloyd also states that she began to have concerns over Mr Kaplan’s intended level of control (he wanting more than Ms Lloyd was prepared to accede to) which led to tensions between them. Ms Lloyd believes that it is these factors which led Mr Kaplan to make his trade mark application so as to gain leverage.

18) Ms Lloyd states that registering NILLERGEN as a trade mark was first discussed in late October/early November 2009. Mr Kaplan was clearly involved in such discussions as can be seen in an email from him to Mr Warmington dated 2 November 2009 which reads:

“Hi Graham,  
I think that trademarking is a good idea. However I must still remind you that all the Intellectual Property for the Nillergen idea is still owned by Tim and me.

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<sup>2</sup> Ms Lloyd actually gave a date of 27 March but this must be a typographical error as this is the date of the first meeting – later evidence clarifies what the correct date is.

I know that you have every intention of settling your part of the deal with us and I have every expectation that you will. However, while we are still in this strange position I am just reminding of the situation with regards to ownership of the idea.

I am glad that in the one place that you are already using it, it is showing it's worth – even though the packaging is awful and there is no marketing behind it. You can tell we have got a winner and I look forward to getting stuck in soon.

In the meantime I can highly recommend trademark attorney Ian Wilkes, details below.

Kind regards,  
Michael”

19) Ms Lloyd comments on Mr Kaplan's words: “all the Intellectual Property for the Nillergen idea is still owned by Tim and me” and that, from her experience working for Boots, the commissioning agent is the owner of any intellectual property. Ms Lloyd explains that Mr Warmington met Mr Wilkes on 18 November 2009 to discuss registering the trade mark. Mr Wilkes required payment upfront as he would not get the official fee back if his invoice was not paid. Payment was made on 11 December 2009 and the application was filed that day.

20) Ms Lloyd states that she subsequently discovered that Mr Kaplan had registered the mark the day before NL and that he had also spoken to Mr Wilkes. Mr Wilkes gives his own evidence about this; so I will say no more about this at the moment. Ms Lloyd also discovered that Mr Kaplan had registered the mark in the US (Exhibit ML15), the filing date being 3 February 2010. She adds that Mr Kaplan creates brand names and develops marketing strategies but does not manufacture or sell anti-allergen products and that before the various meetings between them he had no interest or involvement in such goods.

21) Ms Lloyd explains that the NILLERGEN mark has been used by NL since 3 September 2009. Examples of product packaging and the products appearing on various websites are provided in Exhibit ML16; it is not possible to date them specifically. Ms Lloyd states that by 10 December 2009, when Mr Kaplan applied for the mark, 1600 products had been sold amounting to a retail value of £19,000.

22) Ms Lloyd believes that by the time of Mr Kaplan's application, a protectable goodwill would have been created. She believes that Mr Kaplan filed his application in bad faith knowing that NILLERGEN had been created for her as a client.

Evidence for NL – witness statement of Ian Wilkes

23) Mr Wilkes is a trade mark attorney at Groom Wilkes & Wright LLP. As can be seen from Ms Lloyd's evidence, he gave advice to NL about registering the NILLERGEN mark and, also, had a conversation with Mr Kaplan. Mr Wilkes explains that in late October/early November 2009 he was contacted by Mr Warmington in relation to the prospective registration of a trade mark in respect of anti-allergens. He knows it was around this time due to the contents of an email (dated 5 November 2009) about a meeting that was to take place between them. Mr Warmington told Mr Wilkes that he had been referred to him by Mr Kaplan. Mr Wilkes recalls knowing Mr Kaplan from his previous employment at RGC Jenkins and Co and that he had assisted Mr Kaplan in registering several trade marks – 0800Z, 0808Z, 084581Z and 0870Z. He states that this must have been in 2003 because those marks were filed on 3 November 2003 (details are provided in Exhibit IW2). Mr Wilkes has not done any work for Mr Kaplan since then but he does recall speaking to him at some point about the possibility of extending his registered marks to other countries.

24) At the meeting between Mr Warmington and Mr Wilkes, they discussed what Mr Wilkes understood to be the existing marks of Bio-Life and, also, what he understood to be a new name, NILLERGEN, which was being used by NL, a company incorporated by Mr Warmington and Ms Lloyd. Mr Warmington explained to Mr Wilkes that Mr Kaplan had created the name and this was how he came to contact him. Mr Wilkes conducted an availability search (shown in Exhibit IW3) subsequent to which Mr Warmington agreed that the mark should be filed. Mr Wilkes required payment before filing so he sent NL an invoice. He then waited for payment to arrive.

25) Whilst waiting for the payment he received a telephone call from Mr Kaplan. He is unsure of the exact date. Mr Wilkes thanked Mr Kaplan for his referral and then discussed the project concerning NILLERGEN. Mr Wilkes does not recall the exact details but he recalls discussing brand protection. Mr Wilkes recalls explaining that whilst rights can be obtained through use, it is always better to register and, also, to be the first to register. Mr Wilkes recalls Mr Kaplan asking if he had yet filed for NILLERGEN, to which he responded that he was still awaiting payment. Mr Wilkes stressed that at no point was he aware of any dispute between the parties as neither Mr Warmington nor Mr Kaplan had mentioned this. He says that he would not have provided any information to Mr Kaplan if he knew about the falling out. He believes Mr Kaplan garnered information to which he was not entitled. He says that he was shocked when on 17 December he received the examination report for NL's application which identified Mr Kaplan's mark as having been filed one day before NL's application, clearly after the conversation between them.



Evidence for Mr Kaplan – witness statement of Mr Kaplan

26) Much of Mr Kaplan's evidence fits in with that of Ms Lloyd. He explains that he was contacted by Mr Yorath of Guerillascope in late March 2009 asking if he would attend a meeting with Ms Lloyd to discuss TV advertising; he says that he is known as having specialist skills in this area. He confirms that he attended the meeting on 27 March 2009 between himself, Mr Yorath, Ms Lloyd and Mr Warmington which he states was to discuss the PETAL CLEANSE product. At this meeting Mr Kaplan gave his opinion that TV advertising may not work and re-branding may be a better option. He states that Ms Lloyd was at first shocked by this suggestion but she informed him that others had also suggested this. Although defensive to the idea, Mr Kaplan states that Ms Lloyd/Mr Warmington said that they were starting to wonder if they should consider changing the brand. Mr Kaplan suggested that he could come up with a new brand name, Ms Lloyd and Ms Warmington agreed to consider what he came up with and were prepared to discuss changing the brand, but they were still not entirely convinced.

27) Mr Kaplan states that Ms Lloyd and Mr Warmington were sent a breakdown of costs through Guerillascope if they chose to accept his idea. He says that he made it clear that there was no charge if they did not go for the idea. He also states that he made it clear that the charges were considerably lower than normal as the idea was to be jointly exploited.

28) On 20 April 2009 a further meeting took place where he showed the NILLERGEN name to them and discussed further why they should re-brand. He states that he had not been given any brief as to the name. He says that Ms Lloyd/Mr Warmington remained unconvinced but they were prepared to consider it further. He states that he told them that he had registered the name as a domain name (.com and .co.uk domains were registered in Mr Kaplan's name on 13 April 2009). Mr Kaplan understood that he was to be part of the company that sold the product.

29) Mr Kaplan provides an email dated 22 April 2009 in which Ms Lloyd writes to Mr Kaplan saying "...yes, Nillergren is growing on me."<sup>3</sup>

30) Mr Kaplan refers to Ms Lloyd's comments that they (Ms Lloyd/Mr Warmington) agreed to "pay for the name to be checked for uniqueness and for a pre-concept to be designed". Mr Kaplan states that a brand name was thus being developed that he had previously invented at his own cost, without involvement from another party, that was being offered to be shared and jointly exploited. He confirms on 27 April 2009 that there were no linguistic reasons why NILLERGEN should not be used. Mr Kaplan states that NL was incorporated on 28 April 2009 the same day that he and Ms Lloyd agreed to the shareholder/payment structure he had proposed.

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<sup>3</sup> The incorrect spelling is noted.

31) Mr Kaplan states that draft packaging was sent to Ms Lloyd on 5 May 2009 and an invoice on 12 May 2009 (as per Ms Lloyd's Exhibit ML13). He says that the invoice has never been settled. He states that by the end of October the invoice had still not been paid or shares issued, but he gave Ms Lloyd a rough draft of an image to use for an upcoming catalogue whilst reminding Ms Lloyd that she did not own the rights to the mark.

32) Mr Kaplan confirms that he recommended Mr Wilkes as a trade mark attorney. He says that he remembers his conversation with Mr Wilkes very well (unlike Mr Wilkes). He says he contacted Mr Wilkes because of his concern at having recommended his services, given that Ms Lloyd and Mr Warmington had not paid their bill to him (and to others). He says that he told Mr Wilkes that he felt that they would pay but that Mr Wilkes should know the full facts. He says that Mr Wilkes informed him that he had been instructed to file an application to register the mark. He says he was surprised by this because he owned it. He says that he did not ask for the information and it was given in the course of the conversation. Mr Kaplan explained to Mr Wilkes that he was unhappy with the scenario but that Mr Wilkes could not discuss it further as there would be a conflict of interest.

33) Mr Kaplan provides an email he sent to Ms Lloyd on 18 August 2009 in which he pleads that the bill for a colleague of his and a consultant be paid. He stated that he was willing to wait for his settlement and that they can soon get stuck into giving Nillergen the work it deserves. He states that Mr Wilkes was sensible to have asked Mr Warmington to pay up front for the application.

34) Mr Kaplan states that he was expecting to have a share in the NILLERGEN business, working with Ms Lloyd and Mr Warmington to increase sales and benefitting from a share in the profits. He states that upon discovering that they had registered a company without issuing shares to him and that they were intending to register a trade mark, it struck him that they had no intention of keeping to that agreement. For this reason, Mr Kaplan says that he decided to go ahead and market the product himself. He says that he found several manufactures around the world able to produce a product that denatures allergens. As several were in the US he applied for the mark there also. He says at the time of his decision to market himself Ms Lloyd and Mr Warmington had already started offering the goods for sale. Due to this, and his desire to market himself, he had to have a mechanism to stop them from using, hence why the trade mark application was filed. He confirms that he had an intention to the use the mark for the goods specified.

35) Mr Kaplan explains that he has a history on inventing brands and contracting others to supply goods and services under them. He states that he is involved in several businesses, as the largest shareholder, even though he has no previous experience in the particular fields. He gives four examples of this. He adds that

although he identified manufactures for the goods in question he has yet to contact them as he wants to resolve the ownership question first.

36) In relation to Ms Lloyd's evidence, he says that she would not have approached Guerillascope for rebranding advice as they do not offer this service. He provides a copy of the enquiry form Ms Lloyd originally submitted, the form asking questions specifically relating to TV advertising. He adds that in the original meeting, Ms Lloyd wanted a TV commercial and that no other marketing concerns were expressed.

37) Mr Kaplan states that the uniqueness search referred to by Ms Lloyd has not been paid for. He also states that contrary to what Ms Lloyd states, Tim Charlesworth is not a shareholder of Starscrapper, Mr Kaplan being the sole shareholder (evidence from Companies House supports this). Mr Kaplan explains that he sometimes collaborates with Mr Charlesworth. He says that Mr Charlesworth invoiced for his services separately, a fact that Ms Lloyd does not mention.

38) Mr Kaplan says that Ms Lloyd's reference to the shareholding being agreed is not the case, he says that he knew nothing about the incorporation of NL. He highlights that NL's shareholders (evidence is provided from Companies House) are only Ms Lloyd and Mr Warmington. He notes the incorrect spelling of NL upon incorporation and that it was only corrected (on 20 May 2009) after draft packaging was provided by him on 5 May 2009.

39) In relation to the invoice from Starscrapper he highlights that this is for brand development not brand creation. He states that the invoice was made out to Biolife Medicare Limited (not BioLife) at Ms Lloyd's request. He notes that Ms Lloyd does not refer to this company in her evidence. He demonstrates that both companies (Bio-Life & Biolife Medicare Limited) made a loss in 2009. He also highlights that another company, BioLife Europe Limited has not filed accounts since incorporation in 2002. He assumes that the business could not have expanded without his participation or someone else who could have developed it.

40) Mr Kaplan produces a copy of a business pack that Ms Lloyd and Mr Warmington used when trying to obtain funds from a bank. It is dated May 2009. The document explains that Bio-Life is a consolidated company composed of Bio-Life MediCare Ltd (the R&D arm) and Bio-Life Europe Ltd (the trading entity). The shareholding structure is said to be based on seven individuals: Mr Lloyd, Mr Warmington, Mr Geoffrey Berry (said to be an investor and consultant), Michael Jordon (Mr Kaplan says that this is him albeit misnamed – he is listed as being part of Starscrapper – brand development), David Yorath (Guerillascope TV Ltd - media planner, production & purchasing), Jay Bhatt (also of Guerillascope) and Tim Charlesworth (listed as being of Starscrapper). It is explained in the document that the shareholdings of the personnel of Guerillascope and Starscrapper is in lieu of a 40% reduction in the normal fees for the marketing

expertise to be provided during the course of the business plan (the business plan is for 2009-2011). The business plan refers to the NILLERGEN product. Mr Kaplan says that neither he, Mr Yorath, Mr Bhatt or Mr Charlesworth have been shareholders in any Bio Life company or NL.

41) In response to the sales made by NL under the NILLERGEN name, it is stated that many of the sales will have been repeat orders from people who had purchased prior to the rebrand. He considers the sales made to be insignificant. He also says that the company structure set out in the business plan does not match the Companies House records. He highlights that there is no mention of NL in the business plan. He says the whole set up is ambiguous.

42) Mr Kaplan strongly states that he created the mark NILLERGEN with the expectation of going into business with Ms Lloyd and Mr Warmington to exploit it and that it has been stolen from him. He says that he worked to develop the brand and has not been paid for it. He considers Ms Lloyd and Mr Warmington's behavior to have fallen below normal standards of business behavior. He says that he filed the application to prevent Ms Lloyd/Mr Warmington from using it, but this was because he felt the mark belonged to him and because he wanted to use it himself.

*Evidence for Mr Kaplan – witness statement of Philip Wild*

43) Mr Wild is a solicitor and partner in the firm of Kidd Rapinet. He has been instructed by Saunders & Dolleymore LLP (who act for Mr Kaplan) to provide a witness statement on his behalf. He has read the other statements from the other witnesses. He provides his opinion on matters and confirms that he has not spoken to any of the other witnesses. He gives no evidence of fact. In summary, his opinion is that no IP rights exist in the word NILLERGEN per se as it is not a copyright work and that rights in a name only exist upon registration or through use, by building up goodwill. He says that the parties could have agreed some form of confidentiality agreement but they did not do so and that no confidentiality terms can be implied. He considers that Mr Kaplan worked, effectively, as an independent contractor working through Guerillascope (who were acting as an advertising agency arranging contracts on behalf of Bio-life). He says that the logo designed by Mr Kaplan may have attracted copyright which would be owned by him, with Bio-Life entitled to a non-exclusive license (subject to payment).

*Reply evidence for NL – witness statement of Ms Lloyd*

44) In relation to Mr Kaplan's claim that Ms Lloyd had confirmed that the name was not theirs (by her action in requesting a uniqueness search and pre-concept) she states that this is wrong. She says that by the meeting of 27 March 2009 she was becoming amenable to the idea of a new brand name and it is on this basis that she or one of her companies would pay for the search etc. At no stage did she perceive that the name would be owned by Mr Kaplan. She says Mr Kaplan's

involvement was to create the new name and to check availability, it was clear to her that the name would be owned by her or one of her companies;– she repeats her understanding of the position based on her previous work for Boots. She says that Mr Kaplan's acknowledgement of her agreeing to pay for the search shows that he was creating the name for her as a client. She says that Mr Kaplan registering the domain names is a standard step to secure the name at an early stage which can then be transferred to the client later.

45) In terms of Mr Kaplan reminding her in October 2009 that she did not own the rights, she states that this had never previously been mentioned and that his declaration in October 2009 does not mean that the rights subsist in his name.

46) In relation to Mr Kaplan's claim that he researched the market, Ms Lloyd highlights that the timing of this is not clear. She assumes it was after the meetings with her. She considers that Mr Kaplan gleaned knowledge from her and, by then attempting to use the mark created for her, this must be an act of bad faith. She highlights that he is a brand creation agent and has no retail or manufacturing capabilities and that the use by him of a mark, even if on the basis of allowing others to use it, when it was created for another, is an act of bad faith. She does not comment on his other business models explaining that the circumstances here are quite different.

47) In relation to the invoice being for brand development rather than brand creation, she says that the point is semantic. She says that Mr Kaplan created the new brand and invoiced her (or her company) for it.

48) In relation to sales made by NL, she says that a new goodwill was created as the new products did not replace existing ones. She says that even though the sales may be small this still amounts to a protectable goodwill.

49) Ms Lloyd states that she has not stolen the mark from Mr Kaplan. She repeats that the name was created for her. She states that whilst there is a financial dispute between them this does not affect the legal position regarding ownership of the trade mark. Ms Lloyd agrees with Mr Kaplan's statement that he filed the mark to prevent Ms Lloyd from using it, highlighting that it was filed just after he spoke to Mr Wilkes who had informed him that better rights existed by registration and that whoever filed first generally had the better rights.

### **SECTION 3(6) - BAD FAITH**

50) I will firstly consider the respective claims made under section 3(6) of the Act, which states that:

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

51) It is clear from the case-law that bad faith includes dishonesty and “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined”<sup>4</sup>. It is necessary to apply what is known as the “combined test”<sup>5</sup>. This requires me to decide what NL (in this case its principals, Ms Lloyd/Mr Warmington) and Mr Kaplan knew at the time of making their respective applications<sup>6</sup> and then, in the light of that knowledge, whether their behaviour fell short of acceptable commercial behaviour. Bad faith impugns the character of an individual or the collective character of a business, as such it is a serious allegation. The more serious the allegation the more cogent must be the evidence to support it.

52) Also of note is the decision of Arnold J. in *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* [2008] EWHC 3032(Ch)<sup>7</sup> where he held:

“189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled

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<sup>4</sup> See *Gromax Plasticulture Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

<sup>5</sup> See the judgment in (1) *Barlow Clowes International Ltd. (in liquidation)* (2) *Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* Privy Council Appeal No. 38 of 2004 and also the decision in *Ajit Weekly Trade Mark* [2006] RPC 25.

<sup>6</sup> The relevant date for the assessment is the date of filing of the application – see *Hotpicks Trade Mark*, [2004] RPC 42, *Nonogram Trade Mark* [2001] RPC 21 and *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*.

<sup>7</sup> Arnold J's judgment was recently upheld in the Court of Appeal - [2008] EWHC 3032 (Ch).

to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Article 107 can hardly be said to be abusing the Community trade mark system.”

53) Also, in *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07 the Court of Justice of the European Union (“CJEU”), when considering the concept of bad faith, stated:

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

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

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

the following points can be made.

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

40 However, the fact that the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or

similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith.

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

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

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

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

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

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

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

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



the applicant's registration of the sign may be in pursuit of a legitimate objective."

54) In terms of the evidence, and unusually in cases of this sort, much of the evidence between the parties is consistent. There are some conflicts of evidence that I will touch on, however, some of this is not particularly significant. Where there is dispute, this in relation to the subsequent rights and obligations that stem from the interactions that have taken place between the parties.

55) There is no dispute that the parties have met on a number of occasions. The first meeting was on 27 March 2009. The meeting was set up after Ms Lloyd completed an enquiry form on the website of Guerillascope. As Guerillascope were a TV advertising specialist, it is fair to assume that Ms Lloyd was interested in TV advertising for Bio-life's existing product range. Mr Kaplan was invited to this meeting by Mr Yorath. During the course of the meeting the conversation clearly moved from TV advertising of existing brands to re-branding. Mr Kaplan says that he made the re-branding suggestion; there is no reason to doubt this. Ms Lloyd appears to have been reluctant to this idea at first (despite this being the second recommendation for this course of action). Despite this concern it is clear that rebranding was to be given consideration. I accept Mr Kaplan's evidence that he was to come up with a new brand name for consideration by Ms Lloyd/Mr Warmington but that there was no obligation or payment required if they chose not to proceed. However, if they did elect to proceed then the fees paid to those involved in the re-branding process would be less than normal, in exchange for shares in the business. A budget forecast for the rebranding exercise was then sent.

56) Following the above meeting Mr Kaplan coined the NILLERGEN name as a new brand for anti-allergens. He then presented the new name to Ms Lloyd/Mr Warmington at a further meeting. This meeting took place on 20 April 2009. It is clear that Ms Lloyd/Ms Warmington were warming to the idea of re-branding as they agreed to pay (although it appears they did not actually make any payment) for a uniqueness search and pre-concept design. The result of the search was positive, which Mr Kaplan subsequently communicated to Ms Lloyd.

57) Another meeting took place on 28 April 2009. Whilst it is not altogether clear when Ms Lloyd/Mr Warmington made the decision to proceed with the rebranding exercise, it is reasonable to assume that they had done so by the time of this meeting. At this meeting the shareholding structure was apparently confirmed following which NL was incorporated (the same day). It is clear that the shareholding structure must have been discussed in some detail (either at this meeting or an earlier one) given that the document submitted to the bank in May 2009 included individuals who had not even featured in any of these meetings (Mr Bhatt and Mr Charlesworth). Although there is a dispute as to whether Mr Kaplan was informed of the incorporation of NL under the NILLERGEN name,

nothing significant turns on this – there is certainly no evidence that Ms Lloyd/Mr Warmington attempted to hide this fact.

58) During May of 2009 Mr Kaplan produced packaging designs for the NILLERGEN brand. He also sent an invoice relating to his work to BioLife Medicare Ltd. This all supports the proposition that the decision had been made for certain of Bio-life's products to be rebranded and sold under the NILLERGEN name. The document sent to the bank also supports this. There is no dispute concerning Mr Kaplan's payment – his invoice was not paid. Mr Kaplan also says that others were not paid, this is not challenged so is accepted. It is also clear that no shares were ever issued to Mr Kaplan be it shares in NL, Bio-Life or any of the other related companies. This is so despite what is stated in the document presented to the bank which indicated that various personnel of Guerrillascope and Starscrapper were part of the shareholding structure, albeit of Bio-Life rather than NL, NL not being mentioned in the document itself. Mr Kaplan highlights in his submissions that incorrect information was given to the bank in this document, and that if the plan was to provide him (and others) with shares in Bio-life (with Bio-life then retaining ownership of NL) this was not communicated to him. Whilst all this is noted, I do not consider that this factor is significant – there is no clear evidence from either party as to what the exact agreement was and in what entity Mr Kaplan would be given shares. It may have been Ms Lloyd's understanding that the shares were to be in Bio-life, the shareholding structure then being referred to in this document; whatever the intention was, it was never seen through.

59) NL then started to make sales under the NILLERGEN name from early September 2009. Mr Kaplan was clearly aware of such sales given the comments he made in his email to Mr Warmington about the prospective trade mark application. Whilst Mr Kaplan "reminded" Mr Warmington in this email that he (and Tim) still owned the intellectual property relating to the NILLERGEN idea, he nevertheless told him that getting a trade mark was a good idea and he recommended Mr Wilkes to him. Mr Kaplan did not therefore object to the idea of getting a trade mark. It is a reasonable assumption that any trade mark Mr Warmington came to file would be in the name of Bio-Life or NL. If it was to be in the name of Mr Kaplan then surely Mr Kaplan would have told him so and/or told Mr Warmington that he would arrange for the application to be made himself. Also, the "reminder" he gave as to ownership is nothing more, in my view, as an assertion of rights of some form (he also made an assertion to Ms Lloyd in October that year). It cannot be read backwards into the initial meetings between the parties to the extent that such rights [of Mr Kaplan to own any trade mark that is to be made belongs to him] were agreed between the parties. It seems that matters were left unsaid. I do not agree with Mr Kaplan's submission that by not responding to this "reminder" that there was any concession.

60) In terms of Mr Kaplan's conversation with Mr Wilkes, there is a conflict of evidence as to whether Mr Kaplan divulged that there had been some form of

financial dispute between the parties. I do not think this matters greatly as what is clear is that Mr Kaplan discovered from Mr Wilkes that a trade mark application was to be filed, but it had not yet been filed as Mr Wilkes was awaiting payment. The fact that a trade mark application was to be filed should have come as no surprise to Mr Kaplan given that he had told Mr Warmington that getting a trade mark was a good idea and that he recommended Mr Wilkes' services.

#### Mr Kaplan's application

61) I will consider the filing of Mr Kaplan's application in the first instance. There are two limbs to the bad faith claim. Firstly that he is not, effectively, the owner of the mark because it was created for Bio-Life, secondly, because he had no bona fide intention to use the mark. In relation to the first claim, it is to be noted that unlike other forms of intellectual property, no form of ownership exists in a name upon creation. Mr Kaplan cannot claim that he owns it simply because he created it, nor can Bio-life/NL claim that they own it because it was created for them. There is nothing to "own" in the abstract. There is no evidence from which it is safe to conclude that any form of implied confidentiality existed, setting out what could or could not be done with the NILLERGEN name and who, consequently, was to own it if filed.

62) Mr Kaplan created the name with a view to it being used by Bio-Life (or a company to be set up by Bio-life). Whilst at the point of creation Bio-life may have been under no obligation to proceed with it or to pay any fees/shares, the intention was that Bio-life would be using it. This is why it was created. Much is made in Mr Kaplan's submissions of there being a joint venture to exploit the name. I do not accept that this was the case. Firstly, Mr Kaplan does not claim this in his counterstatement – he accepts that he was engaged to create the name for Bio-life. Furthermore, whilst it is clear from the evidence that the relationship between the parties was not a "normal" one, the relationship was still one where fees were to be paid to Mr Kaplan albeit at a lower rate in exchange for shares in the business. Mr Kaplan may have had a greater role than normal in subsequent brand development, but this does not, in itself, equate to a joint venture. The fact that NL may have used packaging created by Mr Kaplan does not make this, any more or any less, a joint venture; NL were simply using other things created by Mr Kaplan.

63) Following the creation of the name by Mr Kaplan and some other work on the rebranding project, Mr Kaplan invoiced for his work. He was never paid nor did he receive any shares. He was though aware of the use that had begun to be made by NL<sup>8</sup> and that it was to file a trade mark application. When Mr Kaplan filed his application he was clearly aware of these facts, as he was, through his

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<sup>8</sup> I note that the use set out in Ms Lloyd's evidence shows product packaging for NILLERGEN but with Bio-Life's name rather than that of NL – however, whatever the trading body, Mr Kaplan knew that that the mark had been used by one of Ms Lloyd's/Mr Warmington's companies and, so, I do not see how this has any significance on whether Mr Kaplan filed in bad faith or not.

conversation with Mr Wilkes, that NL had not yet filed an application. It is against these facts that I must assess whether Mr Kaplan's act of filing his application was something that fell below the standards of acceptable commercial behavior. There was clearly a financial dispute between the parties. Irrespective of this, Mr Kaplan knew that NILLERGEN had been created for Bio-life/NL, even if he was to have a greater role than normal in brand development, this was still the position. He knew that they had started to use it and that they were about to file a trade mark for it. Mr Kaplan had no automatic right to make an application in his name simply because he was the creator of it. Mr Kaplan tries to make a distinction between the creation of the name and the subsequent brand development, claiming that the invoice he sent was related to the latter but not the former. It is considered that this is an artificial distinction and these arguments add nothing significant. This is particularly so when one bears in mind Mr Kaplan's counterstatement in which he concedes that he was engaged to create a new brand and, also, that the budget forecast related to "Identity Design and Brand Names".

64) The filing of a trade mark application is not the appropriate forum for the airing of financial grievances<sup>9</sup>. It seems to me, and I agree with NL, that the application was filed in an attempt to gain some form of leverage and/or to block NL from using it. The mark was created for Bio-Life/NL, has been adopted by it, and has been used by it. For Mr Kaplan to then make an application which would enable him to prevent Bio-life/NL from using it, even though he has not received his agreed remuneration, is something which falls below the standards of acceptable commercial behavior. Mr Kaplan may have felt he had the moral high ground given that he was not paid nor received shares – his feelings, though, are not significant. Mr Kaplan's submissions refer to him as merely keeping his options open should the joint venture with Ms Lloyd/Mr Warmington fail and that such a course of action does not fall foul of the guidance of the case-law (*Lindt* and *Cipriani*). For the reasons given, I consider that this is more than keeping his options open and, in all the circumstances, Mr Kaplan made his application in bad faith.

65) I should add that the fact that no objection appears to have been made by Ms Lloyd/Mr Warmington to the registration by Mr Kaplan of the domain name has no real significance on the issue of whether the trade mark was applied for in bad faith. When the domain names were applied for the circumstances were quite different, the name not even having being pitched to Ms Lloyd/Mr Warmington. Nor do I consider that the misspelling of NILLERGEN as NILLERGREN by Ms Lloyd has any bearing. Nor do I consider a significant factor to be the ambiguous relationship between NL, Bio-life, and the other Bio-life companies. Whilst I note Mr Kaplan's submissions on this, this has no bearing on whether the respective parties have filed their applications in bad faith. Indeed, there is somewhat of an ambiguous relationship between Mr Kaplan and Starscrapper as on the one hand

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<sup>9</sup> Similar views were expressed in two decisions of the Registrar (BL O-048-00 & BL-O-014-11) which are borne in mind, but the factual circumstance here must of course be borne in mind.

Starscrapper issued an invoice whereas Mr Kaplan claims personal rights – I do not consider either of these matters really assists.

66) The other limb of the bad faith claim relates to Mr Kaplan's intention to use the mark. The above finding makes the claim somewhat academic, but I will still give my views. As can be seen, I have already stated that the intention of the application was an attempt to gain some form of leverage and/or to block NL from using it. This finding certainly supports the claim that Mr Kaplan had no bona fide intention to use the mark. It could, though, be argued that in addition to this intention, his intention was also to use the mark himself. On the face of it, it does seem somewhat implausible for a marketing expert to set up a business selling anti-allergens. However, as Mr Kaplan states, he has a history of brand creation, then getting others to run the business side of things for him. The implausibility does not, therefore, reach the level of incredibleness. Having said that, all the tribunal has to go is Mr Kaplan's evidence that he researched the market. He admits himself that he has made no contact with potential suppliers. There is, therefore, no real evidential support for Mr Kaplan's claims. He leaves unsaid when this research took place. I must also consider the timing of all this. Mr Kaplan knew of Mr Warmington's plan to register the mark and, indeed, recommended the services of Mr Wilkes. Sometime after Mr Wilkes met Mr Warmington a conversation took place between Mr Kaplan and Mr Wilkes. Mr Kaplan discovered that a trade mark was to be filed but it had not been filed yet. Mr Kaplan then filed for his trade mark shortly thereafter. If Mr Kaplan is to be believed then he must have had a very swift change of heart from on the one hand encouraging Mr Warmington to speak to Mr Wilkes and then, on the other, in deciding to exploit the mark himself. It is considered that the more likely explanation is that upon discovering from Mr Wilkes that a trade mark was soon to be filed, and in view of the on-going financial dispute, Mr Kaplan simply acted swiftly with a blocking application rather than with an application for his own genuine use. Things may have changed later and he may have had more plans by the time he filed for the mark in the US in February 2010 (alternatively this may have been a further blocking application) but at the time of his application in the UK it is not considered that Mr Kaplan had a bona fide intention to use the mark.

**67) NL's opposition to Mr Kaplan's application under section 3(6) of the Act succeeds.**

NL's application

68) The same facts apply. The claim is that NL acted in bad faith because Mr Kaplan is the owner of the mark. In view of the findings above this is an untenable claim. Furthermore, in the normal course of events, I can see no possibility that the filing of a trade mark created for a company, who then adopts and uses that trade mark, would be considered as an act of bad faith. The only difference is whether the non-payment of Mr Kaplan's invoices or the allocation of

share to him, alters the position. As stated above, I do not consider that financial disputes should come into it. There are other more appropriate forums for dealing with such a dispute. Whilst not paying or issuing shares to Mr Kaplan as per their agreement may be considered as wrong by others in the trade, the question here is about the filing of the trade mark by which time NL, for whom the mark was created, have adopted it and have started to use it. Mr Kaplan's submissions refer to a "stitch-up" – there is no evidence to support that Ms Lloyd/Ms Warmington planned all of this. It is not considered that NL has acted in bad faith by applying for a trade mark that was created for it and of which they are using in trade, notwithstanding the financial dispute.

**69) Mr Kaplan's opposition under section 3(6) of the Act fails, as does his opposition under section 5 given that the earlier mark he relies upon has been the subject of successful opposition.**

**SECTION 5(4)(A) – PASSING-OFF**

70) The above finding disposes of matters so, strictly speaking, it is not necessary to consider NL's claim that Mr Kaplan's application also falls foul of section 5(4)(a). I will, though, still give my views. Section 5(4)(a) of the Act reads:

"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, or

(b) .....

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."

71) There are three elements (often referred to as "the classic trinity") to consider in a claim for passing-off, namely: 1) goodwill, 2) misrepresentation and 3) damage. In *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C.341, Lord Oliver summarised the position quite succinctly when he stated:

"The law of passing off can be summarised in one short general proposition--no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of

labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff...Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

72) The law of passing-off protects not the name itself but the property in a business or goodwill that could be injured by a relevant misrepresentation. In relation to what goodwill is, this was explained in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 at 223 as:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first.”

73) It is also noteworthy from the relevant case-law that to qualify for protection under the law of passing-off, any goodwill must be of more than a trivial nature<sup>10</sup>. However, being a small player does not prevent the law of passing-off from being relied upon - it can be used to protect a limited goodwill<sup>11</sup>.

74) Mr Kaplan considers that the use made by NL is not sufficient to amount to a protectable goodwill. He also considers that no new goodwill has been generated because the orders may have come from previous customers who had also purchased the products prior to the re-brand. The second argument can be easily dismissed because whether the customers are new or not does not matter – what matters is whether they have come to associate the sign NILLERGEN with the business that provides it. For those customers who have purchased the product then the answer must clearly be in the affirmative. The second argument relates to the sufficiency of sales. As stated above, a small business may avail itself of the law of passing-off so long as it has more than a trivial goodwill. I consider that the business conducted under the sign at the material date was more than trivial. Whilst the period of time in question is short, the sales of 1600 products, representing £19,000, is not insignificant. Whilst this is unlikely to

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<sup>10</sup> *Hart v Relentless Records* [2002] E.W.H.C. 1984.

<sup>11</sup> See, for instance, *Stannard v Reay* [1967] F.S.R. 140, *Teleworks v Telework Group* [2002] R.P.C. 27 and *Stacey v 2020 Communications* [1991] F.S.R. 49).

represent a huge market share, it is certainly more than trivial. The sign in question is highly distinctive and will act as the primary indicator of economic origin of the business responsible for it.

75) This leads on to the question of misrepresentation and damage. Given that the prospective use by Mr Kaplan is of the identical sign NILLERGEN, that such a name is highly distinctive, and that the field of goods is identical or at least highly similar, then it is inevitable that misrepresentation will occur. It is also inevitable that damage will follow through direct loss of sales. Furthermore, it is clear that this must have been within Mr Kaplan's contemplation because, as the evidence shows, he was aware of the use prior to him making his application. I note that the products sold by NL contain Bio-Life's company name. Whilst this is noted it is clear that NL is part of the Bio-Life group so this does not rule out NL from being the owner of the goodwill. It is stated that NL is the company responsible for the goods so this point does not affect the position. **NL's opposition under section 5(4)(a) also succeeds.**

### **COSTS**

76) NL having been successful in both sets of proceedings, it is entitled to a contribution towards its costs. It is noted that costs were controlled due to the consolidation of the cases. I hereby order Mr Kaplan to pay Nillergen Limited the sum of £2100:

Preparing a statement and considering the other side's statement in both proceedings	£600
Filing evidence and considering Mr Kaplan's evidence	£900
Opposition fee	£200
Written submissions	£400

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

**Dated this 12 day of August 2011**

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