

O/314/17

TRADE MARKS ACT 1994

APPLICATION No. 3170118

BY TECH EQUITY LIMITED

TO REGISTER A TRADE MARK IN CLASS 36

AND

OPPOSITION No. 406999

BY SEDEL CAPITAL LLP

Background and pleadings

1. On 17th June 2016 (“the relevant date”) Tech Equity Limited (“the applicant”) applied to register the trade mark shown below in relation to *payment services provided via wireless telecommunications apparatus and devices* in class 36.



2. The mark published for opposition purposes in the Trade Marks Journal on 8th July 2016.

3. The application is opposed by Sedel Capital LLP (“the opponent”). The grounds of opposition are that:

- (i) The Opponent registered the domain names www.swifin.com, swifin.net, swifin.eu, swifin.uk, swifin.co.uk, and swifin.co on 12th November 2015.
- (ii) The opponent has used the mark SWIFIN throughout the UK since 29th March 2016 in relation to, inter alia, *payment processing services, computerised financial services relating to foreign currency dealings and financial transaction services* and has acquired a goodwill and reputation under that mark.
- (iii) Dr. Shiyghan Navti, the director of the applicant, is a former business partner of the opponent. He was employed by Dr. Linus Etube, a Director of the opponent, in 2013 in respect of cloud technology services for the opponent’s financial transaction platform. Dr Navti signed a non-disclosure agreement (“NDA”) relating to these services, which he continues to be bound by.
- (iv) Swifin International Limited was incorporated on 9th May 2016. It was intended to be the vehicle for a joint venture between Dr Navti, Dr Etube and a Dr Braun. According to a “gentleman’s agreement” between them, the applicant was supposed to transfer its Tech Equity branded cloud services technology to the new company, and the

opponent was supposed to transfer its Swifin branded financial transactions technology together with a licence it had obtained from the Financial Conduct Authority (“FCA”) to provide financial services.

- (v) However, the transfer of assets never occurred and the agreement between the parties broke down before the company had ever traded. A request to dissolve the company was sent to Companies House on 16th June 2016.
- (vi) The Swifin branded financial technology therefore remained the property of the opponent and the applicant never traded under that name.
- (vii) In breach of the NDA, Dr Navti misappropriated the opponent's confidential potential client and stakeholder lists and contacted the individuals thereon for his own business purposes.
- (viii) On 17th June 2016, the day after the request to dissolve Swifin International Limited was filed, Dr Navti filed the opposed trade mark application in bad faith. He did this with the intention of appropriating the mark of the opponent with whom he had had contractual or pre-contractual relations.
- (ix) In the light of the facts alleged in (i) to (viii) above, the application should be refused under sections 3(6) and/or 5(4)(a) of the Trade Marks Act 1994.

4. The applicant filed a counterstatement denying the claims made. I note the following points.

- (i) The applicant accepts that the opponent made an application to the FCA in March 2016.
- (ii) Prior to this, in February 2016, the applicant paid for and implemented a cloud service under the name SWIFIN.COM in partnership with Jetlastic, a leading cloud services provider.
- (iii) Additionally, in May 2016, the applicant embarked upon a marketing campaign in Cameroon during which the SWIFIN services were promoted.

- (iv) The applicant accepts that the opponent registered the domain names listed in paragraph 3(i) above, but claims that all the applications and services that used these domains were delivered from platforms operated and managed by it.
- (v) The Swifin logo was designed and paid for by the applicant.
- (vi) The applicant (in the form of Dr Navti) suggested the SWIFIN brand name during a brain storming session with the Opponent (Dr Etube) and partners in Uganda.
- (vii) Prior to this the opponent had previously used iWinPay and later Swift Financial for its products and services.
- (viii) The applicant denies that Dr Navti was ever an employee of the opponent.
- (ix) So far as the applicant is aware, the opponent has not developed and does not own the IP or licence to any financial transaction platform.
- (x) The applicant and opponent entered into a partnership to build a service that made use of a range of applications, including a financial transaction-processing platform, which was owned and licensed to both of them.
- (xi) The opponent is put to proof that Dr Navti breached the NDA signed with the opponent in 2013 in connection with the iWinPay project, and how this benefitted the applicant.
- (xii) Between September 2015 and May 2016, the SWIFIN business and services were delivered from the applicant's offices at Level 39. Level 39 and all clients viewed SWIFIN as a joint initiative between the founding partners. Tech Equity Ltd lost access to the offices when the Opponent dissolved Swifin International Ltd (without the agreement of the applicant) and transferred the entitlement to a new company set up with new partners.
- (xiii) At the time of filing the opposition, the opponent had not engaged in any paid engagements with a client under the SWIFIN brand. The applicant on the other hand made major payments to partners for a range of SWIFIN related services.

5. Both sides seek an award of costs.

Representation

6. The applicant is represented by its Director, Dr Navti. The opponent is represented by Trade Mark Direct.

7. Although both sides took part in a number of case management conferences, neither side requested a substantive hearing. I have, however, had the benefit of written submissions from both sides.

The evidence

8. The opponent's evidence consists of two witness statements by Dr Linus Etube with 37 exhibits. The applicant's evidence consists of a witness statement by Dr Shiyghan Navti with 19 exhibits.

Dr Etube's first statement

9. Dr Etube's statements are poorly focussed and cover some matters which appear to be irrelevant to the pleaded case, or are of unexplained relevance. I have considered everything in the statements and the associated exhibits. The summary which follows focusses on what I consider to be the most relevant and/or disputed matters.

10. Dr Etube says that the opponent is an e-money issuer and a payments and remittance service provider. According to him, since it was incorporated in April 2009 it has owned and operated a financial transaction service called iWinPay. This service allowed "*members*" to acquire e-money after depositing funds with the opponent.

11. Exhibits 10-12 to Dr Etube's statement show that Sedel Capital LLP was incorporated in 2009. The unaudited accounts to 30th April 2015 (signed in January 2016) show that the company was trading in a small way. It had fixed assets of just over £6k, but intangible assets of nearly £460k. This was based on partnerships'

valuation of its share of the iWinPay mobile commerce service platform, which it records as having “now” (presumably in January 2016) been re-branded as Swifin.

12. Dr Etube also provides company accounts to 31st December 2013 for Tech Equity Ltd. These show that the applicant was also trading on a small scale.

13. Dr Etube’s evidence is that he first enlisted the services of Dr Navti in 2013 with a view to a future business collaboration between the applicant and opponent. The idea was that the applicant would provide cloud technology services for the opponent’s financial transaction platform. As part of this, an NDA dated 4th October 2013 was signed between Dr Navti and the opponent.

14. The agreement is exhibited to Dr Etube’s statement.¹ It covers the parties and “any of their affiliates”, i.e. the applicant company. It covers “all information in whatever form... relating to any and all of the proposed electronic money transaction that is provided by or for one Party to or at the direction of the other Party...”. The agreement carries the mark iWinPay. In this connection, I note that the opponent’s written submissions, dated 29th November 2016, indicate the parties have been discussing the possibility of working together to host the opponent’s existing iWinPay financial transaction service on the cloud since 2013.

15. Clause 2(f) of the agreement means that Dr Navti agreed “.....it shall only use any trademark...which identifies and/or is associated with [Sedel Capital]...under the terms of a licence agreement”. Clause 6 states that the agreement “...will remain valid and fully enforceable whether or not the parties proceed to the conclusion of the proposed transaction or not and as long as the information exchanged remains confidential”.

16. Exhibit 2 to Dr Etube’s statement shows that the opponent registered the domain names www.swifin.com, swifin.net, swifin.eu, swifin.uk, swifin.co.uk, and swifin.co on 12th November 2016.

¹ See Etube 1 exhibit 3

17. Exhibit 15 is a certificate of incorporation of a Ugandan company called SWIFIN LTD on 17th December 2015. The accompanying articles of association, dated November 2015, show that Sedel Capital LLP was the majority shareholder. Dr Navti was not a shareholder. Dr Etube and Dr Navti are recorded as having signed the articles on behalf of Sedel Capital LLP.²

18. Dr Etube's evidence includes an email from Dr Etube to Dr Navti dated 8th December 2015.³ This provided a spreadsheet showing key transactions for Swifin. It was marked 'highly confidential'. Dr Navti was to create the application programming interface for financial transactions, i.e the code which enables two computer programmes to talk to one another.

19. Dr Etube says that "*the opponent built its Swifin payments and Mobile commerce app on Apple's iTunes.*" He claims that it was first offered for sale via the iTunes Store on 13th January 2016. Exhibit 26 to Dr Etube's statement consists of an email of that date from iTunes Connect to Sedel Capital LLP showing that the Swifin financial payments application had been approved and given 'ready for sale' status. However, Dr Etube has not provided evidence as to any actual sales of the Swifin 'app' via iTunes. By contrast, Dr Etube states that the Swifin 'app' had been downloaded 32 times by UK users of the Goggle Play store between 6th December 2015 and 23 August 2016.

20. Exhibit 27 is a graph from the Google Play developer console corroborating Dr Etube's evidence about downloads of the Swifin 'app'. The exhibit is poor quality and difficult to read. However, it is possible to make out that the 'app' had been installed 350 times at the time when the graph was created. This appears to have been in November 2016. The majority of users are shown as having been based in Uganda or the Caribbean. It is not possible to make out from the graph (and Dr Etube does not say) how many of the 32 downloads by UK users occurred prior to the relevant date in June 2016. However, it is possible to see from the graph that 202 of the 350 downloads occurred within the 30 days preceding its creation, i.e. during October or November 2016.

² There is no suggestion that Dr Navti has, in fact, ever been an officer of the opponent company.

³ See Etube 1 exhibits 6 and 24

21. Exhibit 20 to Dr Etube's statement consists of emails dated February and March 2016 showing that there were ongoing communications between Dr Etube and the FCA relating to Sedel Capital LLP's application for regulatory approval to launch an e-money service. On 29th March 2016, the FCA registered SWIFIN as a trading name for issuing e-money and payment services.⁴

22. Exhibit 23 to Dr Etube's statement consists of an email dated 12th April 2016 from him to Dr Navti forwarding a document called 'Swifin Community Partner Service'. Both this document and a similar one called 'Swifin Financial Services' contain statements that Swifin is a brand name or service of Sedel Capital LLP. Also included is an email dated 13th April 2016 from Dr Navti showing that he forwarded these documents to two other people he had been working with on the Swifin project. The suggested significance of this is that it shows that Dr Navti went along with the opponent's claim that Swifin was its mark.

23. Dr Etube's statement covers documents showing that Swifin International Ltd was incorporated 9th May 2016.⁵ Dr Etube says that it was always understood that the opponent would own the Swifin brand, but there much discussion as to how the business arrangement would be structured and carried out. The applicant was supposed to transfer its cloud technology to the new company. The opponent was to transfer its financial transaction technology, by then branded Swifin, and its FCA licence. This pooling of assets was to be reflected in the shareholdings in the new company. Exhibit 4 to Dr Etube's statement shows that Dr Navti and Dr Etube were recorded as Directors, alongside Dr Braun. The initial shares were held by Dr Navti and Dr Etube (45 each) and the balance by Dr Braun (10).

24. However, Dr Etube states that intended transfer of assets never occurred and Dr Navti continually changed his mind about the extent of his collaboration with the others. According to Dr Etube, on 31st May 2016 an agreement was reached that the applicant would remain a separate company and be only a third party service provider to Swifin International Ltd. The relative shareholdings of Dr Etube and Dr

⁴ See Etube 1 exhibit 1. I note from the same document that in July or September 2015 the opponent had previously registered 'Swift Financial'.

⁵ See Etube 1 exhibit 4

Navti would be adjusted accordingly. However, this would have meant that Dr Navti was a director of, and shareholder in, both the applicant and Swifin International Ltd.

25. Exhibit 7 to Dr Etube's statement consists of the minutes of meetings of Swifin International Ltd. Both Dr Etube and Dr Navti are recorded as having been present. The minutes of the 'Technology Committee meeting' on 7th June 2016 appear to show that a decision was taken that one element of the proposed Swifin financial service would initially use a cloud services solution called 'Elastx' instead of the applicant's proposed cloud solution. The same minutes record that (1) Swifin International Ltd would apply to the intended long term provider of a cloud platform (IBM) so as to avoid any conflict of interest (presumably with Tech Equity), and (2) Dr Navti proposed to wind down Tech Equity Ltd so as to avoid any conflict of interest (presumably with Swifin International Limited).

26. Exhibit 13 to Dr Etube's statement consists of a 'role specification' for a Cloud Technology Director at Swifin International Ltd, i.e. the role that Dr Etube says Dr Navti was to have in the company. The person in the role would be responsible for the company's cloud technology platform. I note that the accompanying description of the new company says that it "*provides*" financial transaction and payment services to businesses in foreign markets. As regards the UK market, the document states that "*Swifin international will in future developments provide remittance and eMoney issuing services by being a registered agent of an FCA-regulated entity, Sedel Capital LLP...*". The document itself is not dated, but Dr Etube says it was drawn up on 14th June 2016.

27. According to Dr Etube, at a board meeting of Swifin International Limited on 14th June 2016, it was discovered that the applicant could not offer cloud hosting services to Swifin International Limited without breaching regulatory requirements. This appears to have led to a final breakdown in the business relationship between the parties. The minutes of the extraordinary meeting of Swifin International Limited, held via Skype on 15th June 2016 records that all the Directors agreed that (1) Dr Navti would surrender his shares in Swifin International Ltd, (2) Tech Equity would have a service level agreement with Swifin International Ltd to provide cloud technology services to the company, (3) "*Swifin will go to market co-branded as 'powered by Tech Equity'*", (4) Tech Equity agreed to a non-disclosure agreement on

the Swifin financial technology, (5) Tech Equity would not provide cloud services to competitors of Swifin International Ltd, and (6) “*Both parties*” agreed to keep the intellectual property rights to the technology that each had developed. The minutes carry the names of Dr Navti and Dr Etube, but they are not signed.⁶

28. Exhibit 25 consists of emails and documents dated around 16th June 2016 (the day after it was decided that Dr Navti would leave Swifin International) showing that Dr Etube approached a company called Layershift to provide the cloud services that were originally going to be provided by Tech Equity or through Dr Navti.

29. Swifin International Limited never traded. The Registrar of Companies gave notice on 12th July 2016 that it would be struck off the register two months later and dissolved. This appears to have followed a request from Dr Etube and Dr Braun.

30. Exhibit 9 to Dr Etube’s statement shows that he and Dr Braun incorporated a company called SEDEL GLOBAL LTD on 17th June 2016.

Dr Navti’s evidence

31. I have considered all of Dr Navti’s evidence. The following summary brings out the matters I consider to be most relevant to the grounds of opposition.

32. According to Dr Navti, Tech Equity Ltd was founded in December 2012. It provides cloud design, implementation and consulting services, and “*..the delivery of fully managed cloud application services.*”

33. Dr Navti claims that “*over time*” the applicant re-branded as Swifin. Exhibit 2 to his statement includes three documents said to support this claim. The first document is an email dated 28th August 2015 from Dr Navti to Telma Almeida at Planet Earth Institute in the UK. It is about potential business opportunities in Zimbabwe. There is no mention of Swifin. The second document is an email from Dr Navti to Dr Etube dated 7th February 2016. This is about the setting up and finalisation of Swifin domains in preparation for the launch of an online financial service. The third document consists of pages from the website intended to be used for the Swifin eMoney service. Each page carries the Tech Equity mark. The pages are not dated. Dr Navti says that the website is currently hosted under a private

⁶ The minutes of the meeting on 15th June are included in exhibit 7 to Etube 1. The minutes of the meeting on 14th June are not in evidence.

domain, but would be made live if the applicant is successful in these proceedings. I note that the page entitled 'Our Team' identifies Dr Navti as 'Director, Cloud Technology' and Dr Etube as 'Director, Financial Technology'. So far as I can see, Dr Etube was never a Director of the applicant. However, Dr Etube and Dr Navti were directors of Swifin International Limited. It therefore seems likely that the 'team' identified on the proposed website was in fact Swifin International Limited.

34. Dr Navti states that the NDA from 2013 relied upon by the opponent allowed Dr Etube to share an iWinPay investment proposal with him. Following the failure of the iWinPay project to secure investors or clients, Dr Navti and Dr Etube "*reconnected*" in October 2013 with the intention of building a new joint offering. According to Dr Navti, they reached a gentleman's agreement which included an understanding that Dr Etube or Sedel Capital LLP would retain the brands previously used or registered by him (them), while the applicant would "*lead, drive, and own the brand used to launch new services developed in partnership with the applicant's partners.*"

35. Dr Navti accepts that in April 2015 the opponent sought authority from the FCA to provide e-money services. However, he points out that the opponent added Swifin to the original application "*months*" later. Meanwhile, "*prior to 2016*" the applicant had been "*working on and promoting*" Swifin based services. In support of this claim, Dr Navti cites a now-lapsed consumer interim credit licence granted by the FCA. Exhibit 7 to Dr Navti's statement includes a record of such a licence. However, it is clear from this that the licence was granted to Sedel Capital LLP, not the applicant. So this document does nothing to corroborate Dr Navti's claim that the applicant was the agreed owner of rights in Swifin.

36. According to Dr Navti, on 9th September 2015 Dr Etube and he presented Swifin on behalf of Tech Equity to the 'Ecosystem Manager' at a business called Level 39, which Dr Navti says is "*Europe's largest FinTech Accelerator.*" It is evident from an invoice in exhibit 9 to Dr Navti's statement that the following day, i.e. 10th September 2015, Tech Equity was invoiced for £289 for 'hot desk membership'. The same exhibit also includes a copy of a letter dated 20th December 2016 from Ms Amy French of Level 39 to a business in Cameroon. The letter records that Dr Navti and Dr Etube, on behalf of Tech Equity, presented Swifin to her on 7th September 2015, i.e. 15 months earlier. The letter goes on to explain that following the demo of Swifin,

Tech Equity was invited to join Level 39 and that this in turn permitted it to join the Microsoft Bizspark program in November 2015. This allowed Tech Equity access to up to \$120k worth of cloud resources from Microsoft to support the development of the Swifin application.

37. Ms French's letter further records that in May 2016 Dr Etube requested a change in the Level 39 registration from Tech Equity to Swifin International Ltd.

38. According to Dr Navti, the purpose of Ms French's letter was to reassure a business partner in Cameroon about a project to enable the delivery of financial services in the educational sector in Cameroon. However, judging from the other documents in exhibit 9 it does not look like the project in Cameroon was connected to the Swifin application. It therefore seems more likely that the letter was procured for the purpose of these proceedings.

39. Exhibit 15 is an invoice dated 10th December 2015 from Jetlastic to Tech Equity for 2500 euros for setting up on its cloud platform. Exhibit 11 consists of an email thread between Dr Navti, Dr Etube and Jetlastic. Dr Navti asked Jetlastic, inter alia, to rename the domain to be used for the Swifin application from techequity.solutions to swifin.com. Dr Etube added his support to this request in an email dated 25th January 2016 from an email account called linus@techequity.company.⁷

40. Exhibit 12 to Dr Navti's statement consists of a bank record showing that the applicant paid the opponent £3000 on 10th January 2016. According to Dr Navti, this was to reimburse the opponent for the cost of obtaining the FCA licence, domain name purchases, mobile 'app' hosting and SMS costs.

41. Dr Navti says that Swifin Ltd was established in Uganda on 14th January 2016 as a subsidiary of Sedel Capital LLP. It was to be the vehicle to exploit Swifin in Uganda using the FCA licence. To this end, on 12th January 2016 Swifin Ltd signed a memorandum of understanding with a Ugandan company called Natural Enterprises Finance and Marketing Agency Ltd. Dr Navti provides a copy of this document as exhibit 14 to his statement. He points out that Tech Equity was mentioned as a partner of Swifin Ltd.

⁷ There is no evidence that Dr Etube was in fact an officer of the applicant.

42. Dr Navti acknowledges that on 16th March 2016 the opponent secured regulatory approval from the FCA and that *“Swifin is included as an additional service in 2016, among the services provided by Sedel Capital LLP.”* However, he says that the ability to deliver Swifin related services was not dependant on securing regulatory approval from the FCA.

43. On 19th May 2016, Dr Braun and Dr Etube registered Swifin International Ltd *“with the intention of transferring all assets to [it].”* Dr Navti says that he voluntarily instructed Level 39 to transfer the applicant’s membership to the new company.

44. In response to the minutes of meetings of the new company filed by Dr Etube, Dr Navti points that the notes of such meetings were not ratified by way of signature or confirmed in writing. He says that on 16th June 2016 Dr Braun called an extraordinary meeting to recommend the dissolution of Swifin International Ltd. Dr Navti states that he was put under pressure *“to commit to a partnership.”* He says that that he resisted making a decision on that, preferring a dissolution of the company. However, he subsequently declined to sign the dissolution request. Dr Braun and Dr Etube went ahead and made the dissolution request anyway. Dr Navti says that once it became clear to him that Dr Etube and Dr Braun had no interest in dialogue, the applicant made the contested trade mark application (the following day).

Dr Etube’s reply evidence

45. Exhibit 29 to Dr Etube’s second statement consists of an amendment to an existing agreement between Tech Equity and a company called NUXTA, which appears to be a sales and marketing company. The purpose of the proposed amendment was to reframe the ‘partnership’ as a three-way collaboration between the two existing parties and Sedel Capital LLP. Sedel Capital was to be responsible for providing financial services and expertise *“specifically the Swifin platform”*. Tech Equity would provide technical services and cloud expertise. The amendment was put forward by NUXTA on 3rd March 2016, but it was never agreed. Dr Navti’s reply, also dated 3rd March, indicated that a three-way partnership was inappropriate. His preference was for NUXTA to have an agreement with the *“Swifin Joint Venture”*. That currently consisted of Tech Equity and Sedel Capital LLP, but would in future be a new single entity called Swifin International.

46. Exhibit 37 consists of an email thread from 2nd June 2016 between Dr Navti, Dr Braun and Dr Etube. Dr Etube says it contains an admission from Dr Navti that the cloud platform Tech Equity was offering was inadequate for the Swifin e-money service. The emails contain no express admission to this effect, but it is clear that there was a problem with using the intended Tech Equity/Jetlastic cloud solution for e-money services. Dr Navti appears to have acknowledged as much in an email in which he stated that “[Dr Etube’s] *point about the lack of Public IP addresses on the current Jetlastic platform is very valid and I intend to use that as a reason for suspending our payments to them. This is a critical requirement.*” This is why short term work arounds and alternative platforms were being considered. As with many of the emails from Dr Etube, the standard text at the end of his email stated that “*Swifin is the Sedel Capital LLP Service for eMoney issuance and related payments and remittance services.*”

The passing off right claim

47. Section 5(4)(a) states:

“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.”

48. The basic requirements to establish a passing off right are well established. They are, essentially, (1) goodwill in a business identified by a sign, (2) a misrepresentation (or prospective misrepresentation) by the defendant through the use of a sign similar enough to the claimant’s sign to deceive (intentionally or otherwise) a substantial number of the claimant’s customers or potential customers into believing that the defendant’s goods or services are those of the claimant, or are

connected with the claimant, and (3) damage to the claimant's goodwill caused by the defendant's misrepresentation.

49. In *Starbucks (HK) Limited and Another v British Sky Broadcasting Group Plc & Others*,⁸ Lord Neuberger (with whom the rest of Supreme Court agreed) stated that:

“I consider that we should reaffirm that the law is that a claimant in a passing off claim must establish that it has actual goodwill in this jurisdiction, and that such goodwill involves the presence of clients or customers in the jurisdiction for the products or services in question. And, where the claimant's business is abroad, people who are in the jurisdiction, but who are not customers of the claimant in the jurisdiction, will not do, even if they are customers of the claimant when they go abroad.”

50. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*,⁹ Mr Daniel Alexander QC, as the Appointed Person, approved of the following passage from my decision in *SWORDERS TM* about the relevant date for the purpose of proceedings under s.5(4)(a).

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’ ”

51. So the relevant date, at least in the first instance, is the date of filing of the opposed application. Therefore, in order to establish a passing off right, the opponent must show that it had customers or clients in the UK as at 17th June 2016, which knew it as Swifin.

⁸ [2015] UKSC 31, see paragraph 47 of the judgment.

⁹ BL O-410-11

52. Further, the goodwill must have been more than a trivial one in order to establish a passing off right. As Jacob J. stated in *Hart v Relentless Records*:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in *BALI Trade Mark* [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

53. Applying this guidance to the facts in this case, I find that the opponent's evidence does not establish that it had any customers or clients in the UK at the relevant date under the mark Swifin. There is some evidence of the use of Swifin with other service providers in the course of preparations to trade in the UK under that name. However, none of these parties were customers or clients for the opponent's e-money or payment processing services.

54. As I noted earlier, there is no evidence of any sales of Swifin 'apps' through the opponent's iTunes account. Although there is evidence of 32 downloads of the Swifin 'app' from Google Play to UK based accounts, the evidence does not establish that any of these downloads occurred prior to the relevant date.

55. Further, even if some of them did, I do not consider that the evidence is sufficient to establish more than a trivial level of UK goodwill or reputation at the relevant date. The applicant submits that the 32 users cited by the opponent are in fact demo users

and/or friends and family members of Dr Etube. This is not clear from the evidence. However, neither does the evidence establish that the 32 UK downloads of the Swifin 'app' to UK based accounts were all sales of the 'app' to real commercial customers.

56. For all these reasons, I find that the opponent's evidence does not establish that it owned an actionable goodwill in the UK at the relevant date. The opposition under s.5(4)(a) fails accordingly.

An application made in bad faith?

57. Section 3(6) of the Act states:

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

58. The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited*:¹⁰

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C- 529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

¹⁰ [2012] EWHC 1929 (Ch)

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

“41. ... 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)."

59. The failure of the s.5(4)(a) ground does not mean that the bad faith ground is bound to fail. As Mr Geoffrey Hobbs QC pointed out in *Fianna Fail and Fine Gael v Patrick Melly*:¹¹

“Bad faith is an absolute, hence free-standing, ground for refusal of registration...”

60. Based on the evidence before me, I make the following findings of primary fact:

- (i) The applicant’s claims to have created the Swifin logo, i.e. the mark applied for, and to have suggested the name Swifin at a ‘brainstorming’ session¹² do not appear to have been denied. I therefore accept them.
- (ii) I accept the applicant’s claims that it reimbursed the opponent for the cost of obtaining the FCA licence, domain name purchases, mobile ‘app’ hosting and SMS costs. I also accept that the applicant paid Jetlastic for cloud hosting services intended for future use with the Swifin e-money and payments service.
- (iii) I accept that it may have been possible to deliver some Swifin related services without first securing regulatory approval from the FCA. However, I find that the parties regarded FCA approval as necessary

¹¹ [2008] ETMR 41, Mr Hobbs acting as the Appointed Person.

¹² Probably as a contraction of ‘Swift Financial’, which the opponent had registered as a trading name with the FCA.

for the e-money and payment services they intended to provide in the UK under the Swifin mark.

- (iv) I do not accept that the applicant re-branded as Swifin prior to the relevant date or that it had any customers in the UK which knew it as Swifin.
- (v) I do not accept that there was an agreement that the applicant would own the rights to any new brands created for the purposes of the collaboration between the parties, including Swifin.
- (vi) I accept the opponent's claim that Dr Etube was the person with expertise in financial transaction technology and that Dr Navti's role was primarily as an expert in cloud based technology.
- (vii) I accept that, at the relevant date, Dr Navti knew that the opponent had registered Swifin as its trading name in the UK, and together with third parties had incorporated a company in Uganda for a related purpose.
- (viii) I accept that, at all material times, Dr Navti knew that the opponent regarded Swifin as its trade mark.
- (ix) I accept that, at the relevant date, Dr Navti knew that the cloud service he had been working on with Jetlastic was unsuitable for the UK launch of the Swifin e-money and payments service.
- (x) I accept that, at the relevant date, Dr Navti knew that Dr Etube and Dr Braun were considering alternative cloud technology providers for the Swifin service.
- (xi) I do not accept that the evidence establishes that Dr Navti used any confidential information in breach of the 2013 NDA.
- (xii) I do not accept that Dr Navti was an employee of the opponent.

61. I find that the true position is that from at least late 2015 through to a day or two prior to the relevant date, the applicant and opponent were engaged in a joint

venture to provide e-money and payment services in the UK and elsewhere under the brand name Swifin. Dr Navti stated as much in his email of 3rd March 2016 in which he described the undertaking as the “*Swifin Joint Venture*.”¹³ At least so far as the authorities in the UK were concerned, the services would be provided under the control of the opponent, as reflected in the FCA licence. However, cloud technology was to play an important part in the provision of the Swifin service. This was reflected in the initial shareholdings of the company set up for the purposes of the venture. Dr Etube says that Dr Navti’s 45 shares reflected the value of the transfer of the applicant’s cloud services technology; his own 45 shares reflected the transfer of the value of the opponent’s financial transaction technology and the FCA licence.

62. The position became more complicated after 31st May 2016 when Dr Etube says that it was agreed that Dr Navti would have a reduced role and shareholding in Swifin International Ltd (relative to Dr Etube and Dr Braun). This was as a consequence of the applicant retaining the rights to its cloud services technology and simply being a cloud services provider to Swifin International Ltd. Although Dr Navti is generally critical of the accuracy of the minutes of Swifin International meetings, so far as I can see he does not specifically deny this aspect of Dr Etube’s evidence. The subsequent realisation that the applicant’s proposed cloud services solution did not meet the regulatory requirements obviously reduced the applicant’s importance to Dr Etube and Dr Braun. This, together with the on-going confusion and disagreement about the business arrangements between them, led to the breakdown of the joint venture a day or two prior to the relevant date. However, Swifin International Limited remained in existence at the relevant date and Dr Navti was still formally a director of that company.

63. Considering the applicant’s intention at the relevant date, Dr Navti says that if he is successful in registering the mark applied for he intends to launch a Swifin financial payment services under the opposed mark. When he filed his application he knew that his ex partners and co-directors of Swifin International Limited were about to launch a similar service under the Swifin mark and that there was bound to be confusion between the applicant’s services and theirs. In normal circumstances I

¹³ See paragraph 45 above.

have no doubt that making such an application with this knowledge would fall short of the standards of acceptable commercial behaviour observed by reasonable people in this field. The question is whether Dr Navti's, or the applicant's, prior participation in the Swifin joint venture and/or Dr Navti's roles within Swifin International Limited justified his decision to file the trade mark application in the applicant's name.

64. In my view, it did not. This is because, firstly, neither the applicant nor Dr Navti had established any right to use Swifin independently of the opponent (as the holder of the FCA licence) or the joint venture which became Swifin International Limited. Secondly, having agreed that the applicant would become a cloud services provider for a financial payments service operated by Swifin International Limited, it could not reasonably have been thought commercially acceptable for the applicant to provide such financial services itself under the mark Swifin, even if it had the means to do so.

65. I can understand that Dr Navti may have felt that as he had been closely involved in the development of the Swifin project, had come up with the name, paid for much of the preparatory work, and helped to establish business contacts for the new venture, he was entitled to a share in the mark and/or the assets of Swifin International Limited. That company was dissolved, without Dr Navti's agreement, on the basis that it had no assets. There is a legal procedure under the Companies Act 2006 to restore companies that have been struck off whilst still holding assets. That would have been a proper course for Dr Navti to have taken if he felt that the company had assets to which he was entitled to a share. Be that as it may, I do not think that the matters described above justify Dr Navti's decision to appropriate the opposed mark by registering it as the applicant's trade mark on the eve of the opponent's UK launch of its Swifin financial payments service.

66. I do not consider that it makes it any better (from the applicant's perspective) that the application was filed in the name of the applicant rather than that of Dr Navti. As Professor Ruth Annand, as the Appointed Person, held *Joseph Yu v Liaoning Light Industrial Products Import and Export Corporation*:¹⁴

¹⁴ BL O-013-05

“22. [A] claim of bad faith is not avoided by making an application in the name of an entity that is owned or otherwise controlled by the person behind the application.”

67. In reaching this conclusion I have placed no reliance on clause 2(f) of the 2013 NDA described in paragraph 15 above. This prevented Dr Navti and “*any affiliates*” from using a mark “*associated*” with the opponent. The Swifin mark was not associated with the opponent at the relevant date by the UK public because it does not appear to have been used publicly in the UK before then, or any such use was trivial. However, arguably it was associated with the opponent by some business partners, and it was registered in the opponent’s name with the FCA. The 2013 NDA appears to have been intended to protect business discussions between Dr Navti and the opponent about exploitation of the opponent’s iWinPay financial transaction platform. It is not clear to me that it covered marks created for the purpose of the later joint venture between the parties to these proceedings. My own doubts appear to have been shared by Dr Etube, who I note wanted the applicant to sign another NDA on the Swifin financial technology.¹⁵ As I have been able to make a decision without relying on any breach of the 2013 NDA, there is no need for me to decide whether there was a breach as regards the applicant’s proposed use of marks associated with the opponent. I will therefore leave that matter undecided.

68. Nevertheless, for the reasons given above, I find that the application was filed in bad faith within the meaning of that term in the Act. The opposition under s.3(6) succeeds accordingly.

Outcome

69. The opposition succeeds. The application is refused.

Costs

¹⁵ See paragraph 27 above.

70. The opponent has been successful and is entitled to a contribution towards its costs. The opponent asks for costs on and above the published scale. However, I see no basis for awarding off-scale costs. The fact that the bad faith ground succeeded does not, of itself, justify off-scale costs. The applicant's conduct of the defence of his application has been reasonable throughout. Further, although I have found that a reasonable person applying objective standards would say that he was wrong, I can understand why he might have thought that he had sufficient justification to file the application. This is not a case of blatant abuse of the trade mark registration system.

71. In the circumstances I award the opponent scale costs of £1500 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

£450 for filing the notice of opposition and considering the applicant's counterstatement.

£850 for filing evidence and considering the applicant's evidence.

£200 for filing written submissions.

72. I therefore order Tech Equity Limited to pay Sedel Capital LLP the sum of £1500. The above sum should be paid within 14 days of the expiry of the appeal period or, if there is an appeal, within 14 days of the conclusion of the appeal.

Dated this 7th day of June 2017

**Allan James
For the Registrar**