

**O/815/18**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF UK REGISTRATION NO. 3198040 BY  
ASHLEY JAMES ROLFE  
IN RESPECT OF THE TRADE MARK:**

**Darth Vapers**

**IN CLASS 34**

**AND**

**AN APPLICATION FOR A DECLARATION OF INVALIDITY  
THEREOF UNDER NO. 501935 BY**

**ANDREW JEWELL AND DARTH VAPER E-LIQUIDS LIMITED**

## Background and pleadings

1. The trade mark **Darth Vapers** was applied for on 22 November 2016 and entered in the register on 17 February 2017. Its number is 3198040 and it stands in the name of Ashley James Rolfe (the registered proprietor).
2. The mark is registered in respect of the following goods:

### Class 34

*Flavoured e-liquid solutions with or without nicotine for use in electronic vaporisers and/or electronic hookahs; cartridges/bottles sold filled with vegetable glycerine for electronic vaporisers or electronic hookahs, atomozers [sic].*

3. On 10 January 2018, Andrew Jewell and Dart Vaper E-Liquids Limited (the applicants) applied under section 47 of the Trade Marks Act 1994 (the Act) for the trade mark registration to be declared invalid in respect of all the goods in the specification. The application is based on section 5(4)(a) of the Act.
4. The applicants claim that they have been using the sign **DARTH VAPER** throughout the UK since July 2016 for flavourings and solutions for personal vaporisers and electronic cigarettes, and have established goodwill associated with the sign before the filing date of the trade mark application. They claim that use of the mark is misrepresentation which is likely to cause consumers to believe that the goods of the proprietor are those of the applicants and consequently cause damage to the applicants.
5. The registered proprietor filed a counterstatement denying the claims made.
6. The applicants and registered proprietor filed evidence in these proceedings. The applicants filed written submissions on 14 May 2018 and 18 September 2018. These will be referred to where appropriate during this decision.

7. No hearing was requested, so this decision has been taken following a careful perusal of the papers.
8. In these proceedings, the applicants are represented by Bryers LLP and the registered proprietor is self-represented,

## **Legislation**

9. Section 47 of the Act states that:

“(2) The registration of a trade mark may be declared invalid on the ground –

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.”

10. Section 5(4)(a) of the Act states that:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

- (a) by virtue of any rule or law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade...

...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of ‘an earlier right in relation to the trade mark’.”

## Relevant dates

11. The applicants are claiming an earlier right in relation to the registered owner's mark, as provided for by section 5(4)(a) of the Act. The onus is on the applicants to satisfy the Tribunal that their unregistered sign would have been protectable by virtue of the law of passing off at the relevant date. The registered owner has not claimed or filed any evidence that it has been using its mark before the date of application (22 November 2016), so this is the relevant date for the purposes of section 5(4)(a).

## Evidence

12. The applicants' evidence comes from Mr Andrew Jewell, Director of Darth Vaper E-Liquids Limited since its incorporation in 2016. It is dated 10 May 2018. The registered proprietor's evidence comes from Mr Ashley Rolfe and is dated 31 July 2018.

13. In May 2016, Mr Jewell began developing flavours for the liquids that are used in personal vaporisers and electronic cigarettes. According to his witness statement, he was unimpressed with what was already on the market and was aiming to produce something more to his own taste. By July, he had created a few flavours and started to trade as "Darth Vapers". At this point, he was using a closed Facebook group to promote and sell his products, the packaging of which showed the mark.<sup>1</sup> The domain name [www.darthvaperseliquids.co.uk](http://www.darthvaperseliquids.co.uk) was purchased on 24 September 2016.<sup>2</sup> The main sales channel, however, appears to have been Facebook and I have been provided with no evidence to suggest the website was being used at the relevant date.

14. Turnover was initially modest but increased month-on-month. In September 2016, Mr Jewell was able to reduce the prices of his products from £17.50 to £12.50 for 100ml, and from £10 to £6.50 for 50ml. He also introduced a 30ml option for £4.50.

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<sup>1</sup> See Exhibits AJ5 and AJ7.

<sup>2</sup> See Exhibit AJ2. The registration was in the name Identity Protect Limited and was due to expire on 24 September 2018.

He explains in his witness statement that this was made possible “following an increase in sales [so] we could pass the economies of scale saving to our loyal customer base”. Turnover in October was over six times that of September:

<b>Month</b>	<b>Turnover<sup>3</sup></b>
July 2016	£90
August 2016	£260
September 2016	£800
October 2016	£5,000
November 2016	£9,750

He adds that turnover for the period between October 2016 and November 2017 was £350,000. However, the bulk of this period falls after the relevant date.

15. Having started as a sole trader, Mr Jewell incorporated his business as Darth Vaper E-Liquids Ltd on 30 November 2016. The following year he applied for a UK trade mark and he states that it was only then, in September 2017, that he became aware of the registered proprietor, as he was notified of the existence of the registered mark in the examination report on his application.
  
16. Mr Rolfe stated in an email to the applicants that he had registered the trade mark as he was developing the brand and intending to bring it to market shortly.<sup>4</sup> He states that when he applied for this mark he was unaware of the applicants’ business and delayed the launch of his products while this matter is ongoing. The applicants decided on 5 October 2017 not to proceed with their trade mark application. On 13 December 2017, they notified the registered proprietor that they intended to bring invalidation proceedings against the registered trade mark.

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<sup>3</sup> As the publication date of the registered trade mark is 22 November 2016, not all of the November turnover will be relevant for the purposes of assessing whether there is protectable goodwill.

<sup>4</sup> See Exhibit AJ12.

## Decision

17. It is settled law that for a successful finding of passing off, three factors must be present: goodwill, misrepresentation and damage. Her Honour Judge Melissa Clarke, sitting as deputy Judge of the High Court, conveniently summarised the essential requirements of the law in *Jadebay Limited, Noa and Nani Limited Trading as the Discount Outlet v Clarke-Coles Limited Trading as Feel Good UK* [2017] EWHC 1400 IPEC:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the Jif Lemon case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL) namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all these limbs.

56. In relation to deception, the court must assess whether ‘a *substantial number*’ of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

18. *Halsbury’s Laws of England* Vol. 97A (2012 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 309, it is noted (with footnotes omitted) that:

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

## **Goodwill**

19. The concept of goodwill was considered by the House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantages 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 start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has the power of attraction sufficient to bring customers home to the source from which it emanates.”

20. As I have already noted in paragraph 11, the applicants must provide evidence to satisfy me that on the relevant date they had protectable goodwill in the United Kingdom. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J commented on the requirements for proof of goodwill. Although he was referring to opposition proceedings, the point is equally relevant in cases of applications for invalidation.

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s. 11 of the 1938 Act (see *Smith Hayden & Co Ltd's Application (OVAX)* (1946) 63 RPC 97 as qualified by *BALI Trade Mark* [1996] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

21. In *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat), Floyd J (as he then was) commented on what Pumfrey J had said:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent’s reputation extends to the goods comprised in the applicant’s specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

22. The registered proprietor has called into question the integrity of the applicants’ witness statement, in particular the financial information. I find his assertions unpersuasive. To begin with, the registered proprietor has submitted in evidence an extract from Darth Vaper E-Liquids’ financial return to support his claim that the turnover figures cited in paragraph 14 above are false.<sup>5</sup> As the applicants rightly point out, though, the extract shows the balance sheet which gives information on the company’s assets and liabilities, rather than its turnover and profit.

23. The registered proprietor also attempts to calculate how many units must have been sold to produce the turnover figures of £350,000 over the 14-month period from October 2016 to November 2017. These calculations are based on an approximate production cost of £1.05, but where this figure comes from is not

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<sup>5</sup> Exhibit AR5.

explained. The amounts in the purchase invoices supplied by the applicants have been redacted.<sup>6</sup> Nor is it apparent how the registered proprietor has come up with a retail price of £8.99. I have already referred to the retail prices of the applicants' products in paragraph 14.

24. I am required to make a decision on the balance of probabilities. I see no reason to disbelieve the applicants' reported turnover figures. Reaching £350,000 between October 2016 and November 2017 would have required a significant increase in sales between after November 2016, but, given the already-observed speed of growth since trading began, this is not implausible. Besides, the question is whether there was protectable goodwill before 22 November 2016. It is the figures for those early months that are relevant here.
25. The applicants had not been trading long before the registered proprietor applied for his trade mark. In itself, this does not prevent goodwill from having been established. In *Stannard v Reay* [1967] FSR 140 Buckley J found that it was not impossible that goodwill had been built up as a result of a three-week trading period.
26. The turnover figures reproduced in paragraph 14 show that sales grew month-on-month from a fairly low base. I recall that the law may protect even small levels of goodwill: see *Stacey v 2020 Communications* [1991] FSR 49 and *Lumos Skincare Limited v Sweet Squared Ltd, Famous Names LLC and Sweet Squared (UK) LLP* [2013] EWCA Civ 590. The applicants also refer me to *Jian Tools for Sales Inc v Roderick Manhattan Group Limited and Another* [1995] FSR 924, where the sale of 127 software programs was "not so small that it can be said on this ground alone that it is not seriously arguable that it has goodwill locally situate within the jurisdiction".<sup>7</sup>
27. What is clear is that the decisions turn on the particular facts of the cases. Taking the applicant's evidence as a whole, it is my view that there is just enough for me

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<sup>6</sup> See Exhibit AJ13.

<sup>7</sup> At [937].

to make a finding that there was protectable goodwill before the relevant date associated with the sale of liquids for use in electronic cigarettes and similar devices. Sales were growing and the applicants have provided supporting evidence of Paypal transactions and two sample invoices for sales to the UK. These are for fairly low amounts (£46.00 for the two), but the goods purchased are relatively inexpensive. Of course, these are sample invoices of the larger amount of sales which I accept took place. Print-outs from Facebook show the goods bearing the sign and priced in sterling, so directed towards UK customers. I am satisfied that the goodwill was owned by one or other of the applicants, even if it may not have been owned by them jointly.

### **Misrepresentation**

28. I will now consider whether there is misrepresentation. The relevant test was set out by Morritt LJ in *Neutrogena Corporation and another v Golden Limited and another* [1996] RPC 473:

“There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341 at page 407 the question on the issue of deception or confusion is:

‘is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants’ [product] in the belief that it is the respondents’ [product].

The same proposition is stated in Halsbury’s Laws of England 4<sup>th</sup> Edition Vol. 48 para. 148. The necessity for a substantial number is brought out also in *Saville Perfumery Ltd v June Perfect Ltd* (1941) 58 RPC 147 at page 175; and *Re Smith Hayden’s Application* (1945) 63 RPC 97 at page 101.”

29. The applicants sell identical goods to those covered by the registered trade mark. The average consumer of such goods is a member of the general public who is over the age of 18, which is the minimum age for purchasing these products. While

the applicants began trading on a closed Facebook group, these products can also be bought over the internet or from supermarkets, newsagents or specialist shops.

30. The applicants submit that the registered mark (Darth Vapers) is identical to the sign (DARTH VAPER) they use in the course of trade. In my view, the applicants' customers/potential customers are unlikely to notice whether the phrase is singular or plural, capitalised or not. I must consider any fair use of the registered trade mark, and in these circumstances it is my view that a substantial number of members of the public are likely to be misled into thinking they are purchasing the applicant's goods, when they are in fact purchasing those of the registered proprietor. Even in the unlikely event that they did notice the singular/plural difference, they would still believe that the registered proprietor's goods were those of the applicants. I find that there is misrepresentation.

### **Damage**

31. The registered proprietor states that the law of passing off requires actual damage to have been suffered and adds that this could not have happened as it has not yet begun trading. Actions under section 5(4)(a) of the Act are, however, *quia timet* actions, based on a claim of likely future damage. In *Bocacina Limited v Boca Cafés Limited, Dercio De Souza Junior, Malgorzata De Souza* [2013] EWHC 8090 (IPEC), Mr Daniel Alexander QC, sitting as an Enterprise Judge, noted that:

“There is no dispute that if there is goodwill and misrepresentation, there would be damage.”<sup>8</sup>

32. The types of damage that could be done were described by Warrington LJ in *Ewing v Buttercup Margarine Company Limited* [1917] 2 Ch. 1 (COA):

“To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell,

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<sup>8</sup> Paragraph 44.

the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me.”

33. If the quality of the registered proprietor’s goods is low, this could negatively impact on the reputation of the applicant and its chances of making further sales. Damage could also arise in the form of lost sales, as consumers mistakenly buy the registered proprietor’s goods when they intended to buy those of the applicants. The application for invalidation therefore succeeds.

### **Conclusion**

34. The application succeeds. Trade mark 3198040 is invalid and the registration will be cancelled and is deemed never to have been made.

### **Costs**

35. The applicant has been successful and is entitled to an award of costs. Awards of costs are governed by Tribunal Practice Notice (“TPN”) 2/2016. They are intended to represent a contribution towards the costs of proceedings. I award the applicant the sum of £1400 which is calculated as follows:

<i>Official fee:</i>	<i>£200</i>
<i>Preparing a statement and considering the other side’s statement:</i>	<i>£200</i>
<i>Preparing evidence and considering and commenting on the other side’s evidence:</i>	<i>£700</i>
<i>Preparation of written submissions</i>	<i>£300</i>

36. I therefore order Ashley James Rolfe to pay Darth Vaper E-Liquids Limited and Andrew Jewell the sum of £1400. The above sum should be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 20<sup>th</sup> day of December 2018**

**Clare Boucher  
For the Registrar,  
Comptroller-General**