

O-372-10

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION 2480963 BY SIMON BLATCHLY TO
REGISTER IN CLASSES 3, 5, 29, 30 & 31 THE TRADE MARK:**



AND

**IN THE MATTER OF OPPOSITION 97604 BY
CREATIVE NATURE LIMITED**

TRADE MARKS ACT 1994

In the matter of application 2480963 by Simon Blatchly to register a trade mark in classes 3, 5, 29, 30 & 31

and

in the matter of opposition 97604 by Creative Nature Limited

Background and the pleadings

1) On the 28 February 2008 Mr Simon Blatchly filed application 2480963 for a long list of goods in classes 3, 5, 29, 30 & 31. A full list of those goods can be seen in the annex to this decision. Mr Blatchly's application is in respect of the following trade mark:



2) On 18 July 2008 Mr Blatchly's application was opposed by The Huge Kahuna Company Limited. Later evidence shows that this company was previously called The Huge Kahuna Company Limited (emphasis added). As this is simply a change of name as opposed to a change of legal entity, nothing really turns on this. I will therefore refer to this company as Kahuna throughout this decision. Subsequent to the opposition being lodged, Kahuna assigned what it claims to be its goodwill to Creative Nature Limited ("CN"). I will come back to this later. The grounds of opposition are under sections 3(6) & 5(4)(a) of the Trade Marks Act 1994 ("the Act"). The claims can be summarised as follows:

Section 3(6): The application was made in bad faith because: Mr Blatchly worked for Kahuna and knew that the trade mark the subject of these proceedings was designed on behalf of, and upon instructions from, Kahuna. That Mr Blatchly knew that it was Kahuna's trade mark and that he was not the true and correct owner of the mark and, so, he was not entitled to register it. That because the registration of the trade mark may be used to interfere with Kahuna's business then Mr Blatchly has not adhered to acceptable standards of commercial behaviour.

Section 5(4)(a): That Kahuna has used the sign the subject of these proceedings since August 2006 and that Kahuna (or its predecessor in title) used the sign CREATIVE NATURE since 2001. In view of this, use by Mr Blatchly of the trade mark applied for would be liable to be prevented under the law of passing-off. In terms of Kahuna's predecessor in title, it is claimed that Kahuna purchased the assets of a company called Creative Nature Limited ("Creative") of which Mr Blatchly was a director and, therefore, Kahuna is the successor in title to "all and any goodwill and reputation in the trade mark CREATIVE NATURE". In the alternative, it is claimed that if it is

found that Kahuna is not the successor in title then any common law rights belonging to Creative lapsed upon its dormancy and dissolution in 2006.

3) Mr Blatchly filed a counterstatement denying the above grounds. In doing so he often confuses Kahuna with some of its officers (Mr Justin Blair and Mr Jamie Knivett). Mr Blatchly states that he created the concept of the CREATIVE NATURE business. This trade was initially conducted by Creative. He says that he employed the opponent [by this, Mr Blatchly is referring to Mr Blair] in 2004. He says that in 2005 Creative was dissolved and “reformed” as Kahuna which maintained the trading name CREATIVE NATURE. He says that he accepted the opponent [Mr Blair] into the company as a business partner on the basis of a verbal agreement as follows:

“I, “Simon Blatchly” and “Justin Blair” agreed that we would be equal business partners based on financial and energetic input. The goodwill of “Creative Nature Ltd” and creative concept and name were to be assessed and valued. The value of which would then count as my investment into “The Huge Kahuna Company” along with the assets, and the previous investments made by myself and my family. The opponent “Justin Blair” was to match this investment to receive an equal share in the company.”

4) Mr Blatchly says that when the assets of Creative were transferred to Kahuna this did not include any transfer of intellectual property, name or goodwill. He says that at this time (2005) no agreement had ever been communicated or documented to reflect the transfer, sale or ownership of intellectual property or goodwill.

5) Mr Blatchly says that in 2007 a meeting took place, facilitated by two mediators, between himself, Mr Blair and a Mr Jamie Knivett. He says that a value of £60,000 was agreed in relation to the goodwill. He says that no payment has ever been received or any shares in kind passed in exchange for the transfer of Creative’s assets or goodwill.

6) Mr Blatchly says that the trade mark the subject of his application was developed under his direction and creative input whilst working under the title of “Creative Director” with Kahuna.

7) Mr Blatchly refers to him creating the business concept and that this was all before meeting the opponent [presumably Mr Blair/Mr Knivett]. He says that he created the website and customer base which was immediately used by Kahuna. He says that Kahuna still exists on the foundations that he created. He says that the sole purpose of the trade mark application, after it became apparent that the opponent [Mr Blair and Mr Knivett] had no intention of honouring their verbal agreements and financial commitments, was to protect his intellectual property rights, namely the goodwill generated in over five years whilst trading as Creative and the time he invested in Kahuna.

8) Mr Blatchly states that he is the rightful owner of the trade mark. He says that the opponent [presumably Mr Blair/Mr Knivett] does not rightfully own the company [presumably Kahuna] let alone the intellectual property or mark as he attained

control of the company under false pretences and has failed to sufficiently invest/purchase his own share-holding.

9) Both sides filed evidence. Despite the Intellectual Property Office indicating that a hearing would be useful, neither side requested one. Kahuna filed written submissions in lieu of attending a hearing; the submissions were made by Mr MacQuarrie of Gill Jennings & Every. Mr Blatchly did not file written submissions but I will, of course, take into account any comments/submissions he has made in his evidence and counterstatement.

The evidence

10) Rather than summarise the evidence of each witness separately, I will set out the main facts and issues that all of the evidence covers, drawing from the separate witness statements accordingly. However, for the record, I should set out who the evidence filers are. For the opponent, evidence comes from:

i) Mr James Knivett, a director of Kahuna.

11) On behalf of Mr Blatchly, evidence comes from:

ii) Mr Blatchly himself, together with some submissions.

iii) Mr Richard Howard of Arcania Apothecary Ltd. His evidence relates, primarily, to the claimed mediation meeting.

iv) Mr Gregory James Shaw, who worked as a sales assistant for both Creative and Kahuna.

12) For the opponent, reply evidence comes from:

v) Shaun Evans, formally of Qudos Limited (“Qudos”), who worked on the design of the trade mark the subject of these proceedings.

vi) Mr James Knivett, a director of Kahuna. The evidence is more submission than anything else.

The origins of the CREATIVE NATURE business

13) There can be no doubt that Mr Blatchly was the brainchild of the business first undertaken under the CREATIVE NATURE name. His evidence is that between 1994 and 2001 he conducted research in order to enter the natural health market as an ethical and sustainable business. He sourced suppliers and then, in 2001, he raised the capital to commence trading and to market and promote the Creative Nature brand. Matters came to a head when on 22 November 2001 he registered Creative as a company of which he was the sole director and shareholder. (SB1 shows Companies House details to support the date of incorporation and SB2 shows Mr Blatchly’s sole directorship/shareholder role as of Creative’s annual return dated November 2004.) Although the annual return is dated November 2004, there is

nothing to suggest that this was not the position as of incorporation. The trade mark CREATIVE NATURE was first used in the UK on 18 December 2001.

14) In October 2001 Mr Blatchly registered a domain name (creative-nature.org) in his personal name; this is shown in Exhibit SB6 (a WHOIS report) rather than SB1 as referred to by Mr Blatchly in his witness statement. There is no real challenge to any of the above.

The use made by Creative

15) As stated above, Creative first used the sign CREATIVE NATURE on 18 December 2001. Given this date, and given the date of Creative's incorporation, Mr Blatchly made no use of the sign as a sole trader. Such use is said to be in relation to the sale of Amazonian wonder herbs, healing teas, chemical free cosmetics and natural incense. A flyer said to date from 2001 (Exhibit SB4) support this. It refers to these goods and that they are from "Creative Nature".

16) In 2002 a dragonfly was incorporated into Creative's business stationary. This can be seen in Exhibit SB5. Also in this year the product range is said to have been expanded to include blended herbal teas, hand blended incense and raw super-food products. The whole product range was promoted and sold at markets, shows, exhibitions and festivals – 30 such events were attended by Mr Blatchly in 2002.

17) In 2003 the business was developed further by the development of a website for e-commerce, promotion and education. Mr Blatchly attended 40 events this year. The domain name "creative-nature.co.uk" was purchased in May 2004 to support the e-commerce development; Exhibit SB1 (rather than SB6 as stated by Mr Blatchly) support this, it shows that the domain name was registered in the personal name of Mr Blatchly. A further domain name (creative-nature-net) was purchased in April 2005 to "further protect my brand name".

18) Mr Blatchly attended over 50 events in 2004. He says that he amended some of the recipes for the products in 2004 (Exhibit SB8 provides details) and that in this year the CREATIVE NATURE website was launched which boosted sales. Sales figures (which are said to be approximate) from 2001 onwards were:

2001	£16,000
2002	£34,000
2003	£70,000
2004	£90,000
2005	£150,000

19) Mr Blatchly says that between 2001 and 2005 he provided free lectures entitled "Creative Natures simple guide to health" in order to educate people and to promote the brand. He says that this occurred in 80 events and that this resulted in boosted sales. A flyer for one such event is shown in Exhibit SB29, it does not refer to "Creative Nature" but does refer to "Simon [Blatchly] having set up his own company". Mr Blatchly provides details of all the events he attended covering a total of 637 trading days between 2001 and 2005. I do not need to repeat the detail but they cover a broad range of events throughout the UK. Photographs of trade stands

at such events are shown in Exhibit SB9. Mr Blatchly says that the educational aspect, which was based on his depth of knowledge, was crucial to the success of the business. To this extent, a newsletter on holistic health and environmental issues was produced in 2005 (Exhibit SB10) entitled "Intellectual self defence". Some press coverage was also received in: i) "Mind, Body and Spirit – thrill seekers" in May 2005 - reference in this article is made to "Simon Blatchly – Creative Nature" and ii) a newspaper (which publication is not clear) article written during the Quest 2005 Natural Health Show in Newton Abbott (said to be the largest health show in the South West) – the article refers to Simon Blatchly's Creative Nature stand. An advertisement is also shown in Exhibit SB13 from the Body and Fitness Show Guide which shows the Creative Nature name.

20) Mr Shaw's (who, as I set out earlier, worked as a sales assistant for both Creative and Kahuna) evidence supports the above, albeit he provides less by way of detail. He sums up Creative's business and Mr Blatchly's role within it as "[t]he accumulated goodwill developed by Mr Blatchly via the educational materials provided through the website and the free lectures that he provided at events and exhibitions dramatically boosted sales and helped to develop a strong and loyal customer base". I note that Mr Shaw left Creative in early 2005 when he took some leave to go travelling.

21) Mr Knivett's evidence deals, albeit briefly, with Creative's trade which he says was in relation to incense, arts and crafts and tea. He states that the sole director was Mr Blatchly. He states that the mark Creative used was not the mark applied for and, in any event, any rights created belonged to Creative and not to Mr Blatchly personally. There is, though, no real challenge made to any of the factual statements relating to the trade undertaken by Creative.

Mr Blair's role in Creative

22) Mr Blatchly says that Justin Blair joined Creative on a part time basis in the later part of 2004. His responsibilities are said to include managing the administration of the company and the accounts as well as putting in place stock control systems, negotiating supplier contracts and dealing with any legal issues. He says that Mr Blair was remunerated for his work receiving approximately £18,000 between 2004 (the later part) and August 2005.

23) Mr Knivett says that Justin Blair was the operations director of Creative. He gives no dates as to when he undertook this role.

Why Creative ceased trading

24) This stems from 2005 when a letter was received from an unrelated third party alleging that Creative's dragonfly logo constituted trade mark infringement. The dragonfly was removed from Creative's packaging because Mr Blatchly believed that the goodwill vested in the words CREATIVE NATURE. Mr Blatchly states that he was unwilling to pay the third party's unwarranted legal costs so proceedings were initiated and a hearing set for August 2005.

25) In the intervening period a new logo (Exhibit SB14 – the logo incorporates a butterfly) was commissioned which was transferred to the website and packaging etc. An advertisement featuring the new logo was placed in the Alternative Magazine in July/August 2005 (Exhibit SB15). However, as a result of losing the third party trade mark dispute Creative was forced to cease trading. An insolvency practitioner advised Mr Blatchly to set up a new company in order to continue trading as CREATIVE NATURE so as to not lose the goodwill in the business that he had created.

26) Mr Knivett's evidence corroborates the reasons for Creative ceasing to trade. He states that Creative was ultimately dissolved on 17 October 2006 (the dissolution status can be seen in Companies House details given in Exhibit JK2).

The creation of a new company

27) Mr Blatchly explains that an insolvency practitioner advised him to set up a new company in order to continue trading as CREATIVE NATURE so as to not lose the goodwill in the business that he had created. He says that due to the continuing growth of the business, its potential market, and the successful working relationship with Mr Blair, he decided to offer him a partnership opportunity based on a verbal agreement that he (Mr Blair) would match the following:

“My previous financial investment into the development of the Creative Nature brand and product range including unpaid wages;

The value of fixed assets to be transferred from Creative into the new company including all of the fixed assets, stock, work in progress, website and all packaging and containers of Creative Nature;

The value associated with the goodwill and intellectual property of the Creative Nature Brand including the customer database, promotional and educational materials as well as the reputation and relationships developed with suppliers, event organisers and customers; and

The unregistered trade mark CREATIVE NATURE.”

28) Mr Blatchly says that the value of Mr Blair's investment was to be agreed in due course and paid into the newly incorporated company in order for Mr Blair to gain an equal shareholding in the company and a position as director. He says that Mr Blair agreed to this. Subsequent to this Kahuna was incorporated on 17 August 2005 by “@UKPLC CLIENT SECRETARY LIMITED”, with this agent acting as the registered secretary, director and shareholder until the investment value had been agreed which would then lead to the company shares being distributed equally. Exhibit SB16 is a certificate of incorporation which shows “@UKPLC CLIENT SECRETARY LIMITED as secretary, director and shareholder.

29) Mr Blatchly states that in late October 2005 Mr Blair claimed that the insolvency practitioner advised him [Mr Blair] to appoint himself as director of the company and Mr Blatchly as company secretary until the investment value had been agreed. Mr Blatchly refers to Exhibit SB17 (a Companies House form for the appointment of

director or secretary) in which Mr Blair is appointed as director and Mr Blatchly as secretary. I note, though, that the form is dated 18 August 2005 (the day following the incorporation of Kahuna) and not late October 2005 as stated by Mr Blatchly.

30) Mr Knivett says that at that time (he is referring to Kahuna's incorporation) the sole director and shareholder was Justin Blair. He says that Simon Blatchly was the company secretary. He states that following Creative ceasing to trade a verbal agreement was reached between Mr Blatchly and Mr Blair resulting in the assets of Creative, including the goodwill of the company and the right to use the name CREATIVE NATURE, being transferred to Kahuna. Exhibit JK1 provides Companies House details showing the incorporation date of Kahuna, but no details of directorship/shareholding. He states that Creative was not "reformed" because it was dissolved and that Kahuna is a separate legal entity. He states that Mr Blatchly did not hold any shares in Kahuna.

Mr Blatchly's role in Kahuna

31) Mr Blatchly states that he was the founder and creative director of Kahuna. He provides in Exhibit SB18 an email from 2007 (Mr Blatchly erroneously says 2006) which carries the words "Founder and Creative Director" as an email signature. He highlights that at this point Kahuna was based and run from his home in West Mosely, as was Creative (earlier exhibits demonstrate this).

32) Mr Shaw states that Mr Blatchly never acted as an employee of Kahuna (nor Creative) and has always been the founder and creative director.

33) Mr Knivett does not deny that Mr Blatchly had a role in Kahuna, but he states that this was as an employee.

Other business partners/investors in Kahuna

34) Mr Blatchly states that in October (presumably 2005) Mr Blair claimed to have received £105,000 from his associate John Ponan to help with the development of the company. Mr Blatchly states that only £70,000 was paid into the business account. Mr Blatchly says that the terms of this loan/investment were never set and were to be discussed at a directors meeting in which all investment and goodwill values were to be considered in order to distribute the shares fairly.

35) Mr Blatchly states that in October 2005 he and Mr Blair discussed the involvement of a third business partner, Jamie Knivett. He says that the terms of Mr Knivett's involvement would be the same as Mr Blair in that he was to join Kahuna as a third director with an opportunity to purchase an equal shareholding. Mr Blatchly goes on to state that Mr Knivett worked for Kahuna on a part time basis as he owned a coffee shop which he planned to sell to raise the capital to invest in Kahuna. He says that Mr Knivett was involved with the day to day running of the coffee shop until he sold his shares in it in November 2007. Exhibit SB19 is print from Mr Knivett's LinkedIn profile. It lists him as a director of CN from May 2006 onwards (no mention is made of Kahuna) and as a director of Esquires Coffee (in Woking). He is listed as opening and operating this coffee shop for 5 years and that he sold the shares in November 2007.

36) Mr Knivett states that he has been a director of Kahuna since 14 December 2007, but before this he held the position of sales director. He says that he has worked for Kahuna full-time since May 2006 and before then he acted as a part time advisor.

The trade conducted by Kahuna

37) Mr Blatchly highlights his Exhibit SB20, which is an article published in the "Celebs on Sunday" magazine in July 2006. He says that the logo depicted on the packaging is the same as that launched in June 2005 by Creative. He also highlights that the article refers to the domain name creative-nature.co.uk which is registered in his name (his earlier evidence refers). He also highlights from Exhibit SB21 prints from the online shop (presumably being operated by Kahuna) dated 12 December 2006 which also feature Creative's logo. He also highlights that many of the products sold by Creative when it was in business are still being sold (a print from the current creative-nature.co.uk website is provided dated 22/10/2009). I note that the products now bear the logo the subject of these proceedings rather than the Creative logo referred to previously in this paragraph.

38) Mr Knivett provides greater detail on the business that has been conducted by Kahuna. He states that Kahuna deals in what are often referred to as super-foods such as berries, nuts, seeds, grasses, oils, herbs, teas, food supplements, cacao and bee products. He says that the business is primarily wholesale, selling into health food shops, supermarkets and distributors throughout the UK. Sales are also made via Kahuna's website. He says that during the period August 2005 to August 2006, sales figures for products under the CREATIVE NATURE brand amounted to £127,000. Mr Knivett exhibits at JK3 the same extract from "Celebs on Sunday" as Mr Blatchly exhibited; the article refers to Himalayan crystal salt. Also exhibited is an extract from Red magazine (September 2006) in respect of cacao nibs. He also says that between August 2005 and December 2005 Kahuna attended a number of trade shows, the cost of which amounted to £5091; he says that the CREATIVE NATURE mark was prominently displayed.

39) Mr Knivett gives details of the use that has been made of the CREATIVE NATURE and device mark as per the mark applied for by Mr Blatchly. He says that it was formally launched in August 2006 and that since then sales of products have grown steadily. (Mr Blatchly's own evidence supports first use at around this date because he refers to it being first used in September 2006 at the LIW Birmingham Exhibition). He provides prints from the website in Exhibit JK9, although, there is nothing to suggest that these are from before the material date. The prints show the mark in question alongside a list of "featured products" including: apricot kernels, barley grass, bee pollen, cacao products, goji berries, hemp seed, hemp protein, herbal tea, maca, honey, pumpkin oil, salt, spelt seeds, suma root. He states that Kahuna sells to a range of organisations and provides a list of them. He lists 22 areas throughout the UK, some of which have one stockist whilst others have more. He says that sales are not limited to this and states that it also stocks 22 other Waitrose stores. Some sales figures are then given namely: August 2006 to December 2006 (£24,787.08), 2007 (£138,109.25) and 2008 (£204,283.48). Reference is also made to nine exhibitions attended (and the cost of attending)

between September 2006 and September 2008 although, three are from after the material date. Exhibit JK10 contains photographs from some of the exhibitions (LIW Birmingham Exhibition September 2006 and Natural Products Exhibition in April 2007). It is stated that the person in the dark suit in the photographs is Mr Blatchly. The photographs show the device mark on the display stands and I also note the text “essential super-foods from Creative Nature”.

40) In relation to advertising, Mr Knivett provides some information from August 2006 to date (his evidence is given in January 2009) in relation to costs of advertising in distributor’s catalogues. A total of 18 advertisements were placed in 7 catalogues costing just over £11,000. The total advertising spend is said to be: 2006 (£10,000), 2007 (£43,000) & 2008 (£23,7000). A copy of the June-December 2006 price list is provided in Exhibit JK11 showing the device mark in use. Various goods are sold such as those already highlighted. Also provided in this exhibit is an extract from Waitrose Food Magazine December 2006 about its Canary Wharf branch and that it is stocking Kahuna’s products. Also provided is a marketing leaflet and an advertisement placed in The Tree of Life publication.

The design of the logo the subject of these proceedings

41) For sake of clarity I should record the logo I am discussing here, namely:



42) Mr Blatchly states that in 2006 Kahuna contracted Shaun Evans of Qudos to design the new look for the Creative Nature brand. He says that as Creative Director he worked closely with Mr Evans, providing the design brief and copy for the logo, sales and promotional material etc. To support this he refers to an email he sent to Mr Evans dated 27 March 2007 in which he provides input into a design process (this though relates to website design, the logo had already been designed by then given that it was first used in August/September 2006). He provides in Exhibit SB24 what he calls “design proofs” which were sent to him by Mr Evans after receiving his instructions. He says that the new branding was launched at the LIW trade show (26-28 September 2006). He says that the copyrighted educational and promotional materials that he created (whether this was material created for Creative or Kahuna is not clear) for the Creative Nature brand were used at this event to promote the company and its products. An example is shown in Exhibit SB25. He notes that the names of the then three acting directors (Messrs Blatchly, Blair and Knivett) were included on this.

43) Mr Evans was a director of Qudos until it went into receivership in 2007. He states that he was contacted in 2005 by Justin Blair of Kahuna asking whether he would design a new brand for this company. He says that he sent a proposal to Mr Blair on 31 October 2005 (a copy is in Exhibit SE1). The proposal contains a breakdown of different work options that could be undertaken. It is accompanied by an email from Mr Evans to Justin [Blair]. He says that subsequent to this Qudos was engaged to undertake the project and the logo was created. Copies of the new logo

were sent in March 2006; again, an email to Justin [Blair] demonstrates this. Another email to Justin [Blair] provides a statement showing the costs incurred. Although it is not clear when the statement was first sent, the statement itself is headed February 2006. He says that at all times he was working for and paid by Kahuna. In relation to Mr Blatchly's comments, he says that he was unaware of Mr Blatchly's creative director title and repeats that he was engaged by Kahuna. He says that the email in Mr Blatchly's evidence was not relating to the design of the logo but to Kahuna's website on which Qudos was also advising. He adds that he understands that the new brand was launched in August 2006.

44) Mr Knivett's explanation relating to the design of the logo is in line with that of Mr Evans. He also exhibits (JK4) a copy of the proposal sent by Qudos to Kahuna (specifically to Justin Blair) and the email containing the logos from March 2006 and the statement from Qudos (the email is dated 26 March 2006). He says that the new design was launched in August 2006. He states that the mark applied for was designed by Qudos upon instructions from Kahuna.

Kahuna's shareholding, partners, investment values & mediation

45) Mr Blatchly states that he tried to sit down with Mr Blair and Mr Knivett on many occasions to agree the value of Creative's goodwill so that they could match that value and purchase an equal shareholding in Kahuna. He says that it was important for the Companies House records to be updated to reflect the actual circumstances. He says that he was continually provided with excuses. He says that in late November/early December 2006 he attended a company meeting at the offices of Qudos which he thought was to discuss company strategy and to agree the issue of goodwill value and investment. He says that Mr Blair and Mr Knivett refused to honour their earlier verbal agreement and instead dictated the terms of a new one, namely that they would invest £100,000 each for a 21% shareholding each, that Mr Ponan would get a 7% shareholding for his investment (although he notes that not all of it was paid into the company accounts) and that he was offered a 3% shareholding as a goodwill gesture for the original fixed assets, stock, goodwill etc. and that he would need to purchase additional shares to increase his holding. He was also given an ultimatum to give up other external projects or resign from the company. He says that this caused major arguments between them, that he refused to meet such demands, and that the company was brought to a standstill.

46) Mr Blatchly states that to resolve issues a meeting took place with Mr Richard Howard and Barry Evans who acted as mediators. A sum of £60,000 was apparently agreed as a sensible value for the goodwill of Creative. Mr Blatchly gives no date for this meeting, however, given the chronology of his evidence it is likely to have been late (after the meeting at Qudos) 2006 or early 2007.

47) There is also evidence direct from Mr Howard on this. Mr Howard is a director of what appears to be an unrelated company, Arcania Apothecary. He states that the mark CREATIVE NATURE was first used in the UK in the year 2001 by Mr Blatchly. He explains that in February 2007 he acted as mediator (he does not mention Mr Barry Evans' presence) between Simon Blatchly, Justin Blair and Jamie Knivett to discuss and agree the investment required from Mr Blatchly's elected business partners to match the value of goodwill, fixed assets, intellectual property etc. that

had been developed by Mr Blatchly as Founder and Creative Director of the trade mark and brand “Creative Nature”. The investment agreed would act as consideration from Mr Blair and Mr Knivett for their shareholding in Kahuna. He says a sum of £60,000 was discussed and agreed as a fair value to match Mr Blatchly’s investment. He states that no payment was ever made by Mr Blair or Mr Knivett as consideration for their shareholdings in Kahuna.

48) Mr Shaw also gives some evidence on this point. By this time he had returned from travelling to discover that the company had been “reformed” as Kahuna and that it was trading, effectively, in the same way as Creative. He gives what he calls “his understanding” of the offer from Mr Blatchly to Mr Blair and Mr Knivett which mirrors the explanation given by Mr Blatchly. He does not state where his understanding comes from. He does not appear to have direct personal knowledge. He adds that, to his knowledge, no investment was ever made.

49) Mr Knivett states that the agreement referred to by Mr Blatchly did not exist and that the assets of Creative, including intellectual property, were transferred to Kahuna. He says that this is evidenced by Kahuna’s continued use of the words CREATIVE NATURE. He says that he did attend an informal meeting in 2007 which started in a public house and continued at a private residence but no agreement was reached. He says that if it had, it would have been recorded in writing given the large sum of money (£60,000) alleged to have been involved.

Mr Blatchly’s subsequent role in Kahuna

50) Mr Blatchly states that in March 2007 he was asked by Mr Blair to seek a £30,000 loan from his parents due to a cash flow crisis. He did so (a copy of a cheque made payable to Creative Nature is shown in SB26 from the account of a Mr J E D Blatchly and Ms JC Blatchly). Also in this exhibit is a letter (dated 16 February 2009) sent to Kahuna relating to the outstanding repayment of this loan. Also in this exhibit is a copy of a winding-up order made against Kahuna dated 29 April 2009, the petitioners being Mr John Edward Blatchly and one other.

51) Mr Blatchly states that in December 2007, due to the non-repayment of the loan and the continuing arguments, he was advised by his family to leave the company. He says he made this decision over the course of December 2007 to January 2008, although he says he did not officially resign. He highlights that between June 2007 and September 2007 he undertook activities, whilst working on a collaborative project, promoting Creative Nature products through UK music festivals and that he produced a magazine that was distributed at these festivals (at a personal cost to him) which promoted Kahuna’s business (Exhibit SB30).

52) Mr Shaw, again, mirrors much of what Mr Blatchly says about him. He says that by the end of May 2007, following months of arguments between Mr Blatchly and Mr Blair, Mr Blatchly agreed to hand over the running of the business to Mr Blair whilst he focused on another project which actively promoted the Creative Nature brand to a younger market (the music festival promotion). He says the office was still based in Mr Blatchly’s home for several months before eventually moving to its present address. He says that during Mr Blatchly’s absence Mr Blair and Mr Knivett were rarely involved in the operation of the business as both had other commitments. He

says the business was run by himself and Mark Labacik with Mr Blair and Mr Knivett acting as directors and slowly attempting to isolate and ostracise Mr Blatchly from his own company. He says that in January 2008 Mr Blair told him that Mr Blatchly was no longer part of the company and that he should have no further contact with him – the threat of gross misconduct and firing would be a consequence of failing to observe this. Mr Shaw then refers to further discussions he has had with Mr Blatchly concerning the circumstances of his departure – as this is simply what Mr Blatchly has told him (comments which Mr Blatchly has made himself) then I need say no more. Mr Shaw clearly had reservations working for Kahuna after Mr Blatchly left but he continued to do so until June 2009.

53) Mr Knivett says that it was around August 2006 when disagreements arose between himself, Mr Blair and Mr Blatchly about the commercial direction Kahuna should take and about financial arrangements which were unable to be resolved. He says that as a result of this Mr Blatchly left the company in December 2007 to pursue other business adventures although he resigned verbally a number of times prior to this (Mr Blatchly denies this). Exhibit JK7 is a notice of termination of appointment of a director or secretary. It relates to Mr Blatchly's position as company secretary. The date of resignation is listed as 1 June 2007 although it was not filed until February 2008, a point Mr Blatchly notes in his evidence. Mr Blatchly states that he did not officially resign nor did he give his permission for the form to be submitted.

The section 5(4)(a) ground of opposition

54) 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.”

55) The elements of passing-off (often referred to as the classic trinity) can be summarised as: 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.”

56) Matters must be assessed at a material date. In terms of this I note the judgment of the General Court in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07 where it was stated:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non registered national mark before the date of filing, in this case 11 March 2000.”

57) The date of filing of Mr Blatchly’s application is, therefore, the material date. However, if the trade mark had been used prior to this by Mr Blatchly then such use must also be taken into account. It could establish that Mr Blatchly is the senior user, or that there had been common law acquiescence, or that the status quo should not be disturbed which, in turn, could mean that the use of the mark could not be prevented under the law of passing-off at the material date¹.

58) The concept of goodwill 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.”

59) One of the key issues in this dispute relates to the ownership of goodwill. Goodwill, though, relates to trade and custom. It is the very thing that brings in custom for a particular business or a particular trader. I note that at various times in

¹ See, for instance: *Croom’s Trade Mark Application* [2005] RPC 2 and *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42.

his counterstatement and evidence Mr Blatchly refers to the principals of Kahuna as the opponent. He also refers to the goodwill that he created at the outset and his role as founder and creative director of both Creative and Kahuna. To that extent, I should highlight, as the opponent did in its submissions, that a corporate body (such as Creative and Kahuna) are distinct legal entities quite separate from the officers of a company. The purpose of setting up a company is, generally speaking, to limit the liability of the individuals behind the business. In terms of the ownership of goodwill, a number of cases² have highlighted that in the context of employer/employee relationships, it is the employer, in general, that is the owner of any goodwill generated by its trading activities. This applies not just to traditional employer/employee relationships, but also to single person businesses. The following is taken from *The Law of Passing-Off Unfair Competition by Misrepresentation* by Christopher Wadlow:

“The principle applies even to a “one-man” business. In *Globelegance v Sarkissian* the proper plaintiff was one such company which employed the designer known as *Valentino*, not Valentino himself, even though the goodwill of the company depended entirely on his talent and reputation.”

Even though there is no evidence as to whether Mr Blatchly had a contract of employment with Creative or Kahuna (a point Mr Blatchly made in his submissions), it seems to me that a role as an officer in a company should be treated in a similar way – indeed, the fiduciary duty owed by a such person to act for the benefit of the company could be said to strengthen such a view.

60) All of this makes sense, of course, because it is the company that is the trading body. It is clear from the evidence that Creative was set up as Mr Blatchly’s trading vehicle. Mr Blatchly never traded as a sole trader. He may have been an important figure in the business, he may have acquired himself a reputation in the field, but that does not mean that he personally owned any goodwill. Any goodwill belonged to the trading company, the very company that Mr Blatchly set-up to separate himself so as to limit his own personal liabilities. The same observations apply to Kahuna. Kahuna, from August 2005 onwards, conducted a business with reference to the name CREATIVE NATURE. It was, again, set up at least in part by Mr Blatchly to continue with the CREATIVE NATURE business following Creative ceasing to trade. Mr Blatchly refers to Creative being reformed. This of course is incorrect terminology because Creative and Kahuna are quite distinct legal entities. Nevertheless, the implication is clear in that Kahuna is the trading vehicle. Any goodwill that it generated in consequence of its own trading activities belongs to Kahuna.

61) The above is of particular importance from Mr Blatchly’s perspective because any claim he can make to being the senior user of the CREATIVE NATURE sign is a difficult one to substantiate because it was Creative that owned any goodwill stemming from its period of trade between December 2001 and the middle of 2005, not Mr Blatchly in his own personal capacity. Whilst Mr Blatchly denies that Creative assigned its goodwill to Kahuna (I will, though, come back to this point) he makes no claim that the goodwill was instead assigned to himself. It seems to me that Mr

² See, for example, *Asprey & Garrard v WRA (Guns) Ltd and Asprey* [2002] ETMR 47 and also *Kingston Miller v Kingston (Thomas) & Co Ltd* 29 RPC 289.

Blatchly believes that he is the moral owner of the goodwill due to the time and money he has invested in the running of Creative. He seems to believe that in the absence of any assignment to Kahuna then he owns the goodwill. I do not believe that this is the case. Mr Blatchly does not appear to have even considered the possibility that any goodwill would have had to have been assigned from Creative to himself. By the time of his application for registration almost three years had elapsed since Creative ceased to trade. Whilst Mr Blatchly was an officer of Creative and would, when it existed, have been in a position to decide what actions to take with regard to the assets of Creative, upon its dissolution he was no longer able to do so. If the goodwill was not assigned to Kahuna, and absent an assignment at that time to Mr Blatchly personally, it seems to me that any goodwill owned by Creative would have extinguished. **The position that this leaves Mr Blatchly in is that he cannot claim to have a senior or indeed a current goodwill, neither has any such a right been assigned to him.**

62) In any event, I am conscious that the mark the subject of the proceedings was not even in existence until 2006. Creative never used it so, even if Mr Blatchly did own the goodwill generated by Creative's trading activities, the goodwill was not associated with the sign the subject of these proceedings. It is, therefore, difficult to see why Mr Blatchly's position is improved by the trading activities undertaken before Kahuna's business began.

63) It is of course necessary for Kahuna to establish that as of the material date it possessed a protectable goodwill. Even setting aside for the time being the question of the assignment of Creative's goodwill, Kahuna traded from August 2005 with reference to the sign CREATIVE NATURE. The actual sign from August 2005 to July 2006 was the one used by Creative in 2005 but from August/September 2006 to the material date (a period covering at least 18 months) the mark the subject of these proceedings was used. There is a discrepancy in relation to the logo given that in December 2006 the website still used an old logo rather than the mark the subject of these proceedings (see Mr Blatchly's exhibit SB21). However, based on the totality of the evidence (including the evidence that the new logo was used at the trade show in September 2006 and also the price list for June-December 2006 in Mr Knivett's exhibit JK11), I can infer that during the latter part of 2006 the new branding was being phased in.

64) The relevant case-law notes that to qualify for protection under the law of passing-off any goodwill must be of more than a trivial nature³. However, being a small player does not rule out the law of passing-off from being relied upon - it can be used to protect a limited goodwill⁴. Kahuna's business was not on a massive scale but was significant enough, it is far from being trivial. Irrespective of which logo was used, the nature of the use is such that any goodwill will have been associated with the name CREATIVE NATURE. The sign (as per the mark applied for) itself was also used to a significant enough extent so that this would also have formed part of

³ *Hart v Relentless Records* [2002] EWHC 1984

⁴ See, for instance, *Stannard v Reay* [1967] FSR 140, *Teleworks v Telework Group* [2002] RPC 27 and *Stacey v 2020 Communications* [1991] FSR 49).

the fabric of the goodwill. The business would have been regarded as a supplier of the sorts of goods outlined in paragraph 39 above.

65) In terms of the ownership of the goodwill generated by Kahuna's trading activities, based on my assessment in paragraphs 59-60, the goodwill belongs to the legal entity that is Kahuna. The goodwill is not owned by Mr Blatchly, Mr Blair or Mr Knivett. They may consider themselves as the owners of the company or, in Mr Blatchly's case, the rightful owner of the company, but it is the company itself that owns the goodwill and not any of its officers. There is some discussion in the evidence as to the design of the logo the subject of the proceedings. There is debate as to Mr Blatchly's role in its development. The point, though, is academic because the sign was clearly used by Kahuna in its trading activities. The question as to goodwill and the signs with which it is associated is quite different from questions surrounding the development/creation of that sign. In any event, there is evidence direct from Mr Evans, who on the face of it has no axe to grind, stating that the logo was produced for and on behalf of Kahuna. All things considered, Kahuna was clearly in possession of a protectable and relevant goodwill as of the material date.

66) The use of the applied for mark is only capable of being prevented if such use is liable to be taken as use by Kahuna. This is the misrepresentation aspect. The misrepresentation must also lead to damage. Here the issue is relatively straightforward given that the mark put forward by Mr Blatchly is the same as one of the signs that forms part of the fabric of Kahuna's goodwill. Many of the goods sought by way of the application are the same as those sold by Kahuna as part of its business and, as such, misrepresentation is inevitable, as is the potential for damage in terms of the possibility of diverted trade.

67) There are, though, other goods covered by Mr Blatchly's application which are certainly further away from the type of goods sold by Kahuna. For example, it covers various cosmetic preparations in class 3, air deodorisers in class 5, certain medial preparations in class 5 and a wider range of food products than Kahuna's business. There is no requirement in passing-off for goods to be similar. I must, of course, bear in mind the comments of Millet LJ when in *Harrods Ltd v Harrodian School* [1996] RPC 697 he stated:

"The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration."

and

"The name "Harrods" may be universally recognised, but the business with which it is associated in the minds of the public is not all embracing. To be known to everyone is not to be known for everything."

and

"It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made

himself responsible for the quality of the defendant's goods or services."

68) Although, for example, cosmetics and super-foods are quite distant on the face of it, the key fact here is that Kahuna's goodwill is associated with its natural ingredients. Whilst this all stems from Mr Blatchly's business ideas to begin with, Kahuna's goodwill is associated with this. It takes no stretch of the imagination to see that if Mr Blatchly were to use his trade mark in relation to cosmetics and other such goods then it is likely to be with a similar ethos. Such goods will be targeted at a similar market. The sorts of person likely to buy them will be the same. It is not as though two different and distinct types of person will buy them. Given all this, and given that the mark applied for is identical to a sign associated with Kahuna's goodwill, then I believe that a significant number of persons will consider the goods sold under the applied for mark to be the goods of Kahuna. Misrepresentation will occur.

69) In relation to these more distant goods, any damage to the business of Kahuna will be less obvious. Lord Oliver, as quoted earlier, stated:

"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"

70) I also note the comments of Lord Fraser in *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1980] RPC 31 where he stated that the claimant must prove:

"That he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill attaches."

71) Finally I note the judgment of Warrington J in *Ewing v Buttercup Margarine Co Ltd*, 34 RPC 232 where he stated:

"To induce the belief that my business is a branch of another man's business may do that other man damage in all kinds of ways. The quality of goods I sell; the kind of business I do; the credit or otherwise which I might enjoy – all those things may immensely injure the other man who is assumed wrongly to be associated with me."

72) Damage can be wider than simply a direct loss of sales. In my view, the type of damage envisaged by Warrington J is applicable here. **In summary I consider that at the material date Kahuna had a protectable goodwill as a result of its own trading activities, that if Mr Blatchly's mark were put into use at the material date then, in relation to all of the goods covered by the application, a misrepresentation is likely to occur, a misrepresentation that could damage its business.**

73) In coming to the above view I have not referred to Kahuna's claim to be the successor in title to the goodwill generated by Creative. I have, though, been able to find in Kahuna's favour without this. However, in case of appeal, I will give my views.

To this extent, there is a clear conflict of evidence between Mr Knivett and Mr Blatchly. Mr Blatchly says that although assets were transferred from Creative to Kahuna this did not include its goodwill. Mr Knivett says that it did. Neither party asked to cross-examine the other. Both parties are agreed that the agreement between Mr Blair and Mr Blatchly was not reduced to writing. In view of all this it is a difficult task to undertake. I note, though, that the test in civil proceedings is one of a balance of probabilities – what is the more probable scenario. In terms of submissions, Mr Blatchly questions what proof has been provided as to the transfer of assets/goodwill or what investment was made. In my view, the most probable scenario is that the assignment of goodwill from Creative to Kahuna did take place. I come to this view for a number of reasons, namely:

- i) It is Mr Blatchly's own evidence that Kahuna was set up, on the advice of an insolvency practitioner, in order to continue trading as CREATIVE NATURE and to protect its goodwill. If this was the reason that Kahuna was set up then it would be inconsistent to say that the goodwill was not assigned at that point.
- ii) There is no alternative explanation as to what happened to the goodwill, as mentioned earlier, Mr Blatchly does not even claim that the goodwill was assigned to himself. The only other scenario is that the goodwill was abandoned when the company was dissolved.
- iii) If the goodwill was only to be assigned at a later date (when the yet-to-be agreed investment values were paid into the company and the shares allocated), it is difficult to see how this could have been achieved given that Creative was subsequently dissolved – Creative would have had no officers to effect an assignment.
- iv) That Mr Blatchly and Mr Blair were appointed into their respective roles as secretary and director the day following Kahuna's incorporation (and not some months later as claimed by Mr Blatchly in his evidence) suggests that the business was immediately up and running as planned – a plan that, as per point one, included continuing the business of CREATIVE NATURE.
- v) That the assets were assigned other than any goodwill seems too precise and considered a scenario when the agreement itself, whatever it was, seems to have been quite a casual one.
- vi) The verbal agreements mentioned in Mr Blatchly's counterstatement and his evidence (although they differ slightly from each other) are more to do with the relationship between Mr Blatchly and Mr Blair in the running and ownership of Kahuna and do not themselves refer to the assets (including goodwill) other than as to the value that they possess so that Mr Blair's investment value could be determined.

74) For all of the above reasons, it is my view that the goodwill of Creative was assigned to Kahuna. This case strikes me as more to do with the control and ownership of Kahuna and not whether the goodwill is owned by Kahuna or not. Mr

Blatchly's submissions tie to this question as he asks why his parents would loan the company money and why he continued to promote the company in 2007. I note this, but I do not need to determine the question as to company ownership as it is not within the jurisdiction of this tribunal and it would, therefore, be wrong to even give a view. **The consequence of all this is that Kahuna's case under passing-off is made more the stronger. The opposition succeeds under section 5(4)(a) of the act.**

The section 3(6) ground of invalidation

75) Section 3(6) of the Act states that:

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

76) 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"⁵. It is necessary to apply what is known as the "combined test"⁶. This requires me to decide what Mr Blatchly knew at the time of making his application and then, in the light of that knowledge, whether his 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. That being said, whilst I bear in mind the evidential burden, I also bear in mind the judgment of the Court of Appeal in *Stephens v. Cannon* [2005] EWCA Civ 222 (14 March 2005) where it was stated that a decision taker should not resort to the burden of proof for the purpose of determining issues in civil proceedings unless he or she cannot reasonably make a finding in relation to the disputed issue or issues on the basis of the available evidence, notwithstanding that he or she has striven to do so.

77) In terms of bad faith, I note the judgment of the European Court of Justice in *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07 ("*Lindt*") where it was stated:

"35 It is also apparent from that provision that the relevant time for determining whether there was bad faith on the part of the applicant is the time of filing the application for registration.

36.....

⁵ See *Gromax Plastics Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

⁶ 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.

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."

78) I will deal with this issue briefly. This is because I have already discussed many of the relevant issues. It is in my view clear that Mr Blatchly knew that he was an officer of Kahuna (he refers to himself as the founder and creative director) and that he was not operating as a sole trader. This applies not just to his role in Kahuna but also to Creative. He must also have been aware that the logo was designed for and on behalf of Kahuna and not himself personally. Mr Blatchly has clearly had a falling out with the other officers of Kahuna. I have, though, already said that it is not for me to determine the wrongs and the rights of that. All that being said, it seems to me that the making of application for registration of the exact mark in the exact form that was designed for and on behalf of Kahuna, is not something that reasonably experienced men in the field would regard as acceptable commercial behaviour. I consider the application for registration to have been made in bad faith. The opposition under section 3(6) also succeeds.

The change of opponent

79) During the proceedings Kahuna was substituted as the opponent by CN. A letter from the opponent's representative confirmed that Kahuna's rights in any goodwill were transferred to CN. The representative's letter was accompanied by a letter from Messers Blair and Knivett to Mr Ponan that discussed Mr Ponan's new company and that the rights and assets of Kahuna had been transferred to it. There is nothing inherently wrong with such a transfer of goodwill. The change of opponent has no bearing on the success of this opposition.

Costs

80) CN has been successful and is entitled to a contribution towards its costs. I hereby order Mr Blatchly to pay Creative Nature Limited the sum of £1700. This sum is calculated as follows:

Official fee for filing the opposition
£200

Preparing a statement and considering the other side's statement
£400

Considering Mr Blatchly's evidence and filing its own evidence
£700

Preparing written submissions
£400

81) 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 25 day of October 2010

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

Annex – list of goods applied for

Class 03: Acne cleansers (Cosmetic-). Acne creams (Cosmetic-). After shower creams. After sun moisturizers. After sun preparations. After sun products [not medicated]. After-shave lotions. Aftershave balm. Aftershave cologne. Aftershave creams. Aftershave gels. Aftershave lotions. Aftershave milk. Aftershave moisturising cream. Aftershave moisturising preparations. Aftershave preparations. Aloe vera. Aromatherapies. Aromatherapy oil. Aromatherapy preparations. Aromatic oil. Aromatic oils for the bath. Aromatic perfumery products. Aromatic preparations for personal use. Aromatic substances for personal use. Aromatics [essential oils]. Baby care products (Non-medicated-). Balms (Non-medicated-). Bar soap. Beauty care products. Beauty products. Body care products [non-medicated]. Body deodorants. Body moisturizers. Body oil. Body oil spray. Body oils. Breath freshening sprays. Cleaning preparations for household use. Cleaning preparations for personal use. Cleansing masks for the face. Cleansing preparations (Non-medicated-) for personal use. Cosmetic products for skin care. Cosmetic soaps. Cosmetics for protecting the skin from sunburn. Cosmetics for suntanning. Cosmetics for the treatment of dry skin. Cosmetics for the treatment of skin conditions. Creams (Cosmetic -). Dental care preparations [Non-medicated]. Dental rinses, non medicated. Deodorants for personal use. Deodorising preparations for personal use. Essential oils. Essential oils for personal use. Extracts of plants, other than for pharmaceutical purposes. Facial care products [cosmetic]. Fragrances. Hair care products. Household cleaning products. Incense. Incense cones. Incense sachets. Incense spray. Incense sticks. Lip balms (Non-medicated-). Lip care preparations (Non-medicated-). Lip coatings (Non-medicated-). Lip coatings [cosmetic]. Make-up. Make-up products. Massage creams, not medicated. Massage oils, not medicated. Medicated soaps. Moisturising skin creams [cosmetic]. Mouth [breath] fresheners, not for medical use. Mouth rinses, not for medical use. Mouth sprays, not for medical use. Mouth washes, not for medical purposes. Mouthwash preparations (Non-medicated-) for oral hygiene purposes. Mouthwashes [gargles], not medical purposes. Natural body care products [non-medicated] for the face. Natural body care products [non-medicated] for the skin. Natural body care products for the hair. Non-medicated bath oils. Non-medicated bath preparations. Non-medicated bath salts. Non-medicated preparations for use in personal hygiene. Non-medicated products for the body. Non-medicated soaps. Non-medicated sun barrier preparations. Non-medicated sun blocking preparations. Non-medicated sun screening preparations. Oils for use in the bath [cosmetics]. Oils for use on the body [cosmetics]. Personal deodorants. Products containing essential oils. Products containing active ingredients for cosmetic purposes. Products for beauty care. Products for cleaning. Products for dental hygiene. Products for mouth care (Medicated-) [dentifrices]. Products for mouth care (Non-medicated-). Products for oral hygiene (Medicated-) [dentifrices]. Products for oral hygiene (Non-medicated-). Products for skin care (Non-medicated-). Products for use in the bath (Non-medicated-). Room fragrances. Room perfumes in spray form. Room scented sprays. Salts for bath use. Salts for mineral water baths [non-medical]. Scented oils. Scents. Shampoos. Shaving gels. Shaving lotions. Shaving preparations. Shaving creams. Shaving soap. Skin balms (Non-medicated-). Skin balms [cosmetic]. Skin care products [non-medicated]. Skin care products [cosmetic]. Soaps. Sun barriers [cosmetics]. Sun block [cosmetics]. Sun blocking preparations [cosmetics]. Sun

protection products [cosmetics]. Sun skin care products [cosmetics]. Suntanning products [cosmetics]. Throat sprays [non-medicated]. Toothpastes.

Class 05: After sun products [medicated]. Air deodorants. Air deodorisers. Air fresheners. Anti-bacterial face washes (Medicated-). Aromatic teas [for medicinal use]. Articles for anti-parasitic purposes. Balms (Medicated-). Balms for medical purposes. Bath crystals (Medicated-). Bath oils (Medicated-). Bath products (Medicated-). Body care products [medicated]. Capsules of herbs for medical use. Cigarettes (Tobacco-free -) for medical purposes. Cremes (Medicated-) for the skin. Dermatological preparations [medicated]. Dermatological preparations for the prevention of skin disorders. Dietary nutritional supplements for medical use. Dietary food preparations for medical use. Dietary food supplements for medical use. Dietetic foods for medicinal purposes. Dietetic foods for use in clinical nutrition. Digestive enzymes. Extracts of medicinal herbs. Food supplements (Medicinal-) for nutritional purposes. Foodstuffs containing added vitamins [as the main constituent]. Foodstuffs containing minerals [as the main constituent]. Foot balms (Medicated-). Fragrant preparations contained in ceramic diffusers for deodorising the air. Fragrant preparations for deodorising the room. Fruit tea medicinal purposes. Health food supplements for persons with special dietary requirements. Health food supplements made principally of minerals. Health food supplements made principally of vitamins. Healthcare products [medicinal]. Herb preparations for medicinal purposes. Herbal beverages for medicinal use. Herbal extracts for medicinal purposes. Herbal infusions for medicinal use. Herbal medicine. Herbal remedies. Herbal tea for medicinal use. Herbs teas for medicinal purposes. Insect repellent incense. Insect repellent preparations. Insect repellents. Insect repellents for use on the person. Lip balms (Medicated-). Lip care preparations (Medicated-). Lip coatings (Medicated-). Lip protectors (Medicated-). Lip salves (Medicated-). Magnesium oxide for medical use. Massage oils (Medicated-). Massage preparations (Medicated-). Massaging ointments (Medicated-). Medicated mouth spray. Medicated mouth washes. Medicated preparations for the treatment of the skin. Medicinal herbs. Mineral dietary supplements for humans. Mineral food supplements. Mosquito repellents. Multivitamins. Nasal decongestants. Nasal drops for the treatment of allergies. Nasal spray for the treatment of allergies. Nasal washes. Natural body care products [medicated] for the face. Natural body care products [medicated] for the skin. Natural oils [medicinal]. Packaged tea for medicinal use. Plant compounds for use as dietary supplements [medicinal]. Plant extracts for medical use. Pollen extracts. Preparations for use in the bath [medicated]. Preparations for use in the bath [therapeutic]. Preparations of herbs for medicinal use. Products for mouth care (Medicated-), other than dentifrices. Products for oral hygiene (Medicated-), other than dentifrices. Products for skin care (Medicated-). Repellents (Insect -). Root extracts for medical purposes. Roots (Medicinal -). Salts for mineral water baths. Skin care products [medicated]. Slimming products [food], for medical use. Sun skin care products for medical purposes. Sun protection products for medical purposes. Suntanning products for medical use. Supplements (Mineral-) for foodstuffs for human consumption. Supplements (Vitamin-) for foodstuffs for human consumption. Supplements [trace element] for foodstuffs for human consumption. Tea (Medicinal-). Tea based beverages (Medicated-). Tea beverages (Medicated-). Tea for medicinal purposes. Tinctures for medical purposes. Tonics [medicinal] based on plant extracts. Vitamin drinks. Vitamin preparations for human consumption.

Class 29: Algae prepared for human foods. Culinary herbs [garden] (Preserved-) [other than seasonings]. Coconut butter. Coconut oil. Dried apricots. Dried bananas coated with honey. Dried berries being whole, or in crushed or powder form. Dried coconuts. Dried culinary herbs [other than seasonings]. Dried foodstuffs. Dried fruit. Dried herbs. Edible nuts. Edible oils. Edible prepared [shelled] nuts. Edible products made from nuts. Edible seaweed. Edible seeds. Edible seeds prepared for consumption as snack foods. Edible sunflower seeds. Edible vegetable oils. Extra-virgin olive oil. Food products made from dried fruits. Food products made from dried nuts. Food products made from seaweeds. Food spreads consisting principally of edible fats. Food spreads consisting principally of edible oils. Groundnut oil. Linseed oils [edible]. Mixed fruit. Mixtures of nuts and dried fruits. Mixtures of fruit and nuts. Nut oils. Nut products. Prepared snack foods. Prepared snacks for human consumption made from dried fruit. Prepared snacks for human consumption made from nuts. Seaweed (Edible-). Seaweed extracts for food. Seeds prepared for human consumption. Snack bars [foodstuffs]. Snack food (Fruit-based-). Snack food products. Snack foods (Dry-). Snack foods made from dehydrated vegetables. Snack foods. Supplements (Food-) for human consumption [other than medicated, or predominantly of vitamins, minerals or trace elements]. Tropical fruits [dried]. Vegetable fats [edible].

Class 30: Breakfast cereals. Breakfast cereals containing a mixture of fruit and fibre. Breakfast cereals containing fibre. Breakfast cereals containing fruit. Breakfast cereals containing honey. Breakfast cereals flavoured with honey. Breakfast cereals made of rice. Cereal bars. Cereal based food bars. Cereal based foodstuffs for human consumption. Cereal based preparations for human consumption. Cereal based prepared snack foods. Cereal based snack food. Cereal based snack foods. Cereal breakfast foods. Cereal breakfast products. Cereal preparations for human consumption. Cereal products being for consumption by humans. Cereal products in bar form. Chocolate bars. Chocolate based products. Cocoa products. Confectionery bars. Confectionery chocolate products. Food mixtures consisting of cereal flakes and dried fruits. Food products consisting of cereals. Food products containing cereals. Foods with a chocolate base. Foods with a cocoa base. Foodstuffs made from cereals. Foodstuffs prepared in the form of savory snackfoods. Foodstuffs prepared in the form of snack foods. Foodstuffs prepared in the form of snacks. Herb teas, other than for medicinal purposes. Herbal beverages [other than for medicinal use]. Herbal extracts, other than for medicinal purposes. Herbal infusions [other than for medicinal use]. Herbal preparations containing peppermint oil [other than for medicinal use]. Herbal tea [other than for medicinal use]. Honey. Honeys. Jasmine tea bags, other than for medicinal purposes. Jasmine tea, other than for medicinal purposes]. Natural honey. Natural sweetening substances. Organic foodstuffs. Packaged tea [other than for medicinal use]. Preparations for making cereals. Preparations for use as dietetic additives for consumption by sports persons. Preparations for use as dietetic additives for food for human consumption. Preparations for use in weight reduction, other than as part of medical treatment. Prepared snack foods. Prepared snacks for human consumption made from cereals. Snack bars [foodstuffs]. Snack bars consisting of chocolate. Snack bars containing a mixture of grains, nuts and dried fruit [confectionery]. Snack bars containing dried fruits [confectionery]. Snack bars containing grains [confectionery]. Snack bars containing nuts [confectionery]. Snack food (Cereal based-). Snack food (Cereal-

based). Snack food (Rice based-). Spice extracts. Spice mixes. Spice preparations. Spiced salt. Sweeteners (Natural-).

Class 31: Raw unprocessed fruits, nuts, vegetables, seeds, berries. Bee pollen (Raw-). Bee pollen (Unprocessed-). Berries (Raw-). Berries (Unprocessed-). Cereal grains (Unprocessed-). Cereal seeds, unprocessed. Edible nuts [unprocessed]. Edible seeds [unprocessed]. Flax [linseed] plant seeds. Flax [linseed] plants. Food products made from algae. Food supplements made from algae. Fresh nuts. Grains [cereals]. Grains [seeds]. Natural edible plants [unprocessed]. Nuts [fruits]. Nuts being fresh. Peanuts [fruits]. Peanuts, unprocessed. Raw cereals [unprocessed]. Raw grain. Raw nut kernels. Raw popcorn. Seeds (Plant-). Sunflower seeds. Unprocessed cereal seeds. Unprocessed nuts. Vegetable seeds