



Neutral Citation Number: [2021] EWHC 1998 (Ch)

Case No: CH-2020-000244

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY AND ENTERPRISE COURT (ChD)

Royal Courts of Justice, Rolls Building
Fetter Lane, London EC4A 1NL

Date: 16 July 2021

Before :

John Kimbell QC
(sitting as an Enterprise Judge)

ON APPEAL FROM the Intellectual Property Enterprise Court Small Claims Track

District Judge Hart

Between :

LITECOIN FOUNDATION LIMITED

**Claimant/
Respondent**

- and -

(1) INSHALLAH LIMITED
(2) NASJET LIMITED
(3) JOHN PEPIN

**Defendants/
Appellants**

JANE LAMBERT (instructed by **JMW SOLICITORS LLP**) for the **Appellants**
CHRISTOPHER SNELL (instructed by **LAWDIT SOLICITORS**) for the **Respondents**

Hearing date: 8 July 2021

APPROVED JUDGMENT

Covid-19 Protocol: This judgment was handed down remotely by circulation to the parties' representatives by email and release to BAILII. The date and time for hand-down is deemed to be 10.30 a.m. on 16 July 2021.

John Kimbell QC (sitting as an Enterprise Judge):

Introduction

1. This is an appeal from an order of District Judge Hart dated 27 September 2020. In that order she granted an injunction prohibiting the Defendants from using the trade name Litecoin or any other similar name.

Litecoin

2. Litecoin is a cryptocurrency, that is an electronic form of money created and sustained through cryptography.¹ Litecoin was launched in October 2011 by Charles Lee, a computer scientist, formerly employed by Google. It is one of the many cryptocurrencies which followed in the wake of the launch of Bitcoin in 2009.² Like Bitcoin, Litecoin is a peer-to-peer decentralized network which may be used as a means of electronic payment for goods or services. Anyone with the relevant computer hardware and software can create or “mine” Litecoin. Alternatively, Litecoin can be purchased in the same way as any other currency. Cryptocurrencies are recognised as a form of property in English law.³ Whether purchased or mined Litecoin is usually stored in a digital wallet.

The Claimant

3. The Claimant (‘LFL’) is a not-for-profit organisation incorporated in Singapore on 3 April 2017. Charles Lee is the managing director of LFL. LFL’s case was that it promoted and developed Litecoin.

¹ *Foreign Currency: claims, judgments, and damages* (2016) Knott, Howard and Kimbell at para 2.12.

² *Ibid.* at para 15.19

³ *AA v Persons Unknown* [2020] 4 WLR 35 at [59] – [61] and *Vorotyntseva v Money-4 ltd (trading as nebeus.com)* [2018] EWHC 2596 (Ch).

The Defendants

4. The First Defendant (**'Inshallah'**) and the Second Defendant (**'Nasjet'**) are both companies incorporated in England. They are registered at the residential address of the Third Defendant (**'Mr Pepin'**). Mr Pepin is the sole director and shareholder of both Inshallah and Nasjet. Neither has ever traded, though Inshallah is the registered proprietor of a number of trade marks. Mr Pepin has for many years sold internet domain names and trade marks.

Inshallah's UK Trade Mark application

5. On 12 December 2017, Inshallah filed a UK trade mark application for a word mark for "LITECOIN" (in upper and lower case) in the relevant classes for "financial services" and "virtual currency" (**'the Inshallah TM Application'**).
6. When LFL became aware of the application, in early January 2018, it requested Inshallah to surrender or transfer its application. No agreement could be reached so LFL filed its own trade mark applications for LITECOIN. Nasjet opposed both these applications.
7. A notice of objection was subsequently filed to the Inshallah TM Application by a company associated with LFL.

Nasjet's change of name

8. On 21 February 2018, Nasjet changed its name to "Litecoin Exchange Limited".

The Proceedings

9. In May 2018, LFL issued proceedings in the Intellectual Property Enterprise Court. The relief sought by LFL included the following:
- i) An injunction to restrain the Defendants from passing off any goods, services or business as the goods, services or business of LFL whether by the use of the trade name LITECOIN or any similar name or mark.
 - ii) An injunction requiring Nasjet to change its name so that it does not contain the word LITECOIN.
 - iii) An inquiry as to damages.

LFL's claims

10. In its particulars of claim LFL alleged that it had built up a substantial reputation and goodwill in the UK in Litecoin, including amongst other things by developing and making available in the UK a number of different types of the electronic wallets for storing Litecoin (which were said to be used by over 5,000 people in the UK); promoting the use of Litecoin on social media and elsewhere; and selling merchandise related to Litecoin to individuals based in the UK.
11. LFL claimed that by filing the trade mark application Inshallah misrepresented that it had a bona fide intention to use the Litecoin mark in respect of the goods and services applied for and that this would cause the public to think that Inshallah is connected or associated with LFL's business.
12. LFL further pleaded that the Inshallah TM Application was made in bad faith with the intention of extracting money from LFL as the owner of goodwill in the Litecoin trade name and that the application itself was an "instrument of

fraud”. In support of the instrument of fraud claim, LFL pleaded that “The Third Defendant has a history of registering trade marks and domain names vexatiously with a view to extracting payment from legitimate business owners”. Annexes 5 – 10 to the Particulars of Claim contained the evidence which LFL relied upon in support of that allegation. The Inshallah TM Application was thus said to constitute passing off.

13. The change of name by Nasjet was also said to amount to passing off and the act of registration of the change of name was also said to be an instrument of fraud for the same reason as the trade mark application, namely because it was in truth a means of extracting money from LFL.
14. LFL pleaded that it has suffered loss and damage and would continue to do so unless the Defendants were restrained.

The Defence

15. In their Defence, the Defendants:
 - i) Denied that LFL held any goodwill in the trade name “LITECOIN” in the UK.
 - ii) Denied that the intention of the Nasjet name change or the Inshallah TM Application was to extract money from LFL.
 - iii) Denied that any previous dealings with trade marks or domain names was relevant to or supported the ‘instrument of fraud’ case.
 - iv) Denied that LFL was entitled to any of the relief sought.

The issues for trial

16. By a case management order HHJ Hacon QC determined that the following issues be tried:
- i) Whether LFL has goodwill in the trade name LITECOIN (or Litecoin).
 - ii) Whether the Defendants' use of the sign Litecoin amounts to a misrepresentation to the public.
 - iii) Whether the Defendants' use of the sign Litecoin amounts to an instrument of fraud.
 - iv) If the answer to (ii) and (iii) is yes whether LFL has or is likely to suffer damage.
17. Pending trial of these issues, it was agreed that the respective trade mark applications and the corresponding objections all be stayed. Nasjet also agreed to change its name from Litecoin Exchange Limited back to Nasjet.

The trial

18. The trial of these four issues took place over two days in December 2019. Mr Lee and Mr Pepin both gave oral evidence.

The Judgment

19. In a careful and thorough 41-page judgment, the judge reached the following conclusions (references to numbered paragraphs are paragraphs in the judgment dated 25 March 2020):

- i) LFL had built up sufficient goodwill in the trade name Litecoin within the UK to found an action in passing off (paragraphs 41 – 58).
- ii) The Inshallah TM Application did give rise to a misrepresentation to the public (paragraphs 59 – 68) but Nasjet’s registered change of name to ‘Litecoin Exchange Limited’ did not (paragraphs 69 – 70).
- iii) Both the Inshallah TM Application and the registration of Nasjet’s change of name constituted “instruments of fraud” (paragraph 71 – 78).
- iv) LFL had suffered damage and there was a likelihood of future damage (paragraphs 79 – 80).

The hearing on 2 September 2020

20. At a hearing held on 2 September 2020 which was originally listed for the purposes of either assessing damages or giving directions for an assessment of damage suffered, the judge held that no damages should be awarded to LFL. This was because LFL had not filed any evidence of any loss or damage flowing from the use of the Litecoin sign as an instrument of fraud beyond the costs of opposing the Inshallah TM Application and those costs ought, the judge held, properly to be sought in those proceedings.

The Order

21. The Judge’s order following the judgment contained injunctions in the following form as follows:

“1. The Defendants shall not (whether by themselves, their directors, officers, agents, employees or agents or otherwise howsoever) pass off any goods, services or business as, or connected with or associated with

with, the goods services of business of the Claimant, whether by the use of the trade name LITECOIN or any similar name or mark AND for the avoidance of doubt it is agreed and declared that changing the corporate name of First and/or Second Defendants to one that contains the word “LITECOIN” would breach this order.

2. The Defendants shall on or before 17:00 on 16 September 2020 destroy all articles in their possession, custody or control for use in trade which display, make reference to or are in any way related to the word LITECOIN or any similar word.”

Permission to appeal

22. District Judge Hart herself gave the Defendants permission to appeal. Her reason was as follows:

“I agree with the submission that by dint of the facts this decision is, as a matter of law, at the edge of the court’s jurisdiction. It is unusual in that I am unaware of another case where the alleged passing off has consisted of an application for a trademark. My decision depends on the decision of Aldous LJ in *One in a Million* and I do not think it is controversial to say that, as I expressed in my judgment, the precise boundaries of the reasoning in that decision are, with the greatest of respect, something that has caused pause for thought amongst authors and commentators. For that reason, I think that there is a real prospect of success”

The grounds of appeal

23. There are six grounds of appeal:

- i) The learned judge erred in law in finding that the claimant had goodwill or reputation in the UK;
- ii) The judge was wrong to find that an application to register LITECOIN or to oppose the claimant's application was an actionable misrepresentation;

- iii) The judge erred in finding that the fees of prosecuting or opposing a trade mark application constituted damage for the purposes of passing off;
- iv) The judge misapplied the ratio of British Telecommunications Plc and others v One In A Million Ltd. And Others [1999] 1 WLR 903 (*‘One in a Million’*) to the facts;
- v) The judge misapplied the ratio of Stannard v Reay [1967] RPC 589 to the facts of this case;
- vi) The judge took account of evidence that was irrelevant to the action before her, namely previous litigation involving Mr Pepin and Domain Name Dispute resolution cases to which Mr Pepin had been a party.

The nature of the appeal

24. Pursuant to CPR 63.19(3) the appeal from a District Judge following an IPEC Small Claims Track trial is heard by an Enterprise Judge sitting in the Chancery Division of the High Court. The parties were agreed that the appeal is otherwise governed by CPR Part 52. It follows that:

- i) The appeal is limited to a review of the decision of the lower court (CPR 52.21(1));
- ii) The appeal will only be allowed if the decision of the lower court was either (a) wrong; or (b) unjust because of a serious procedural or other irregularity in the proceedings in the lower court (CPR 52.21(3)).

25. Grounds 1 – 5 appeared to me to be directed towards a submission that the decision to grant the two injunctions was wrong. Ground 6 extended at least in part into the territory of procedural error / serious irregularity.
26. The following principles also apply to those parts of the judgment which contain findings of fact or evaluations of factual evidence:

Findings of fact

- i) An appeal court will only interfere with a trial judge's finding of fact and thus allow an appeal on the basis of a challenge where it properly determines that the finding of fact is unsupported by the evidence or where the decision is one which no reasonable judge could have reached - see Haringey LBC v Ahmed & Ahmed [2017] EWCA Civ 1861, CA, at [29]–[31]; Henderson v Foxworth Investments Ltd [2014] UKSC 41; [2014] 1 W.L.R. 2600 at [62] and Hamilton v Allied Domecq Plc [2006] SC 221 at [85].

Evaluation of factual evidence

- ii) An appellate court must be cautious in reversing a trial judge's evaluation of facts, just as it must be in reversing a primary finding of fact (per Lord Hoffmann in Biogen Inc v Medeva Plc [1997] R.P.C. 1 at 45). This is because where a judge's evaluation of facts is challenged, it is properly understood to be very difficult for an appellate court to place itself in the position of the trial judge who would have had to take account of both written and oral evidence. The reasons for this approach

are summarised in Fage UK Ltd v Chobani UK Ltd [2014] EWCA Civ 5 at [114]–[115].

- iii) The proper approach on a challenge to an evaluative decision of a first instance judge is that “the appeal court does not carry out a balancing task afresh but must ask whether the decision of the judge was wrong by reason of some identifiable flaw in the judge’s treatment of the question to be decided, ‘such as a gap in logic, a lack of consistency, or a failure to take account of some material factor, which undermines the cogency of the conclusion’” – see Prescott v Potamianos [2019] EWCA Civ 932 in a judgment of the court (McCombe, Leggatt and Rose LJ) at [76].

Ground 1: The Judge erred in law in finding that LFL had goodwill or reputation in the UK

Ground 5 The Judge misapplied the ratio of Stannard v Reay

27. It is convenient to consider Grounds 1 and 5 together.
28. In paragraph 15 of her judgment, District Judge Hart recorded that Stannard v Reay [1967] RPC 589 was cited to her by LFL as authority for the proposition that a small amount of trading may be sufficient to establish goodwill. The judge accepted this proposition. She referred to the case again in paragraph 58(viii) her conclusion on the goodwill issue.
29. Ms Lambert made the following criticisms of the Judge’s reliance on Stannard v Reay [1967] RPC 589:

- i) The judge paid insufficient heed to the fact that the case involved an application for an interim injunction.
 - ii) The case was heavily dependent on its own facts, which are far removed from those of the present case.
 - iii) The case was misunderstood as standing for the proposition that a small amount of trading will *always* suffice for an action for passing off whereas in fact it is necessary to consider such factors as the size and extent of the market and the nature of the business.
30. In my judgement, none of these criticisms are justified.
31. Buckley J.'s judgment in Stannard v Reay [1967] RPC 589 is very short. It runs to little more than five pages in length. It is obvious that it concerns an interlocutory application to continue interim relief. There is no realistic possibility that the district judge overlooked this fact. Furthermore, in the paragraph immediately preceding the one in which Stannard v Reay is first referred to, the judge reminded herself that LFL had to prove its case on goodwill on the balance of probabilities.
32. Regardless of the nature of the proceedings and any difference in the standard of proof, the point made in Stannard v Reay is that goodwill can be built up in a relatively short period of time – in that case over the course of only around three weeks. This is how the case is treated in *Wadlow, The Law of Passing off* (5th edition) 2016 at 3-14 ('**Wadlow**'). Having noted in paragraph 3-13 that while some businesses may be of such a nature that they are incapable of having

any goodwill, the point is made that an action for passing off protects goodwill regardless of the size of the enterprise. Wadlow then says this:

“The acceptable limit is probably represented by Stannard v Reay in which an interlocutory injunction was granted to the proprietor of a mobile fish and chip van in a holiday resort. Given the transient nature of most of the plaintiff’s custom the element of goodwill must have been small”.

33. In Lumos Skincare v Sweet Squared Ltd [2013] EWCA Civ 590, the Court of Appeal by a majority held that a claim for passing off was made out in respect of a business with “very modest goodwill”. Although the finding that the Claimant in that case had proved protectable goodwill was not challenged on appeal. Lord Justice Lloyd (with whom McFarlane LJ agreed) noted:

“His conclusion was that only a very modest goodwill had been generated in the LUMOS mark in relation to skincare products as at October 2010, that this goodwill related to a particular niche within the market, and that the Claimant was the owner of that very modest goodwill. He went on to point out that even a very modest goodwill can support a passing-off action, as in Stannard v Reay [1967] RPC 589”

34. I mention this case because Ms Lambert referred me to the dissenting judgment of Rix LJ. At [102] Rix LJ expressed the view that Stannard v Reay had no practical relevance to the case under appeal. However, Rix LJ did not doubt the correctness of the proposition accepted by the judge at first instance. Indeed, Rix LJ’s comment was “Of course it is true that a very modest goodwill can support an action for passing off”. The dissenting judgment of Rix LJ in Lumos does not therefore persuade me that District Judge Hart was wrong to accept the submission made by LFL that a modest amount of goodwill is sufficient to support a common law action for passing off.

35. I am also not persuaded that there is anything in Ms Lambert’s second point. Stannard v Reay might be said to turn to some extent on its own particular facts. Indeed Rix LJ in the Lumos case referred to it as “two rivals competing head to head in what was, so to speak, a fish bowl”. However, District Judge Hart was referred to and cited in her judgment at [5] the classic passage from Reckitt & Coleman Ltd v Borden Inc & Ors [1990] 1 WR 491 in which proof of goodwill is described as the first essential step in any passing off action. She also referred to Harrods v Harrodian School [1996] RPC 697 (CA); Cranford Community College v Cranford College Ltd [2014] EWHC 2999 IPEC and Starbucks v British Sky Broadcasting [2015] UKSC 31. Ms Lambert accepted in oral argument that the District Judge had directed herself correctly on the principles to be derived from those cases.
36. I also reject the submission that District Judge Hart misunderstood Stannard v Reay as meaning that a small amount of trading was always sufficient for an action of passing off. There is no basis for that submission in the judgment. It is clear that the judge in fact accepted the submission that was made to her, namely that a small amount of trading *may* be sufficient to establish goodwill.
37. Before considering the evidence, District Judge Hart appropriately reminded herself that:
- i) Passing off does not protect a trade name in its own right, however distinctive.
 - ii) LFL had to prove on the balance of probabilities the existence of a business and of goodwill in that business within the jurisdiction of England and Wales.

- iii) What amounts to trading has been broadly interpreted. It extends beyond those selling goods and services.
- iv) Reputation acquired through advertising alone is insufficient.
- v) Goodwill may in principle be established in the supply of a not for profit service. The issue is whether the recipient can be classed as a customer.
- vi) LFL needed to prove that “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 a 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.”⁴

38. In my view, therefore, the judgment contains no misdirection or misunderstanding of the legal principles governing the establishment of goodwill and did not misunderstand or misapply Stannard v Reay. That disposes of Ground 5.

39. I also reject the submission that the judge fell into error in her evaluation of the factual evidence in reaching her conclusion on goodwill. The judge’s factual findings as to the nature and extent of LFL’s activities in the jurisdiction in paragraphs 41 – 57 (as summarised in paragraph 58) come nowhere close to being findings which no reasonable judge could make. The judge’s assessment

⁴ Per Lord Oliver in Reckitt & Colman Ltd v Borden Inc & Ors [1990] 1 WLR 491 quoted by the judge in [5].

of the evidence was careful, nuanced and detailed. She rejected the evidence of Mr Lee in a number of respects but accepted it in other respects in particular where it was backed by contemporaneous documents.

40. The judge's evaluation that sufficient goodwill had been generated by December 2017 to found a claim in passing off for all the reasons summarised in paragraph 58 (vi) – (vii) of the judgment does not in my judgement contain any gap in logic, or lack of consistency, or a failure to take account of some material factor so as to undermine the cogency of the conclusion reached. It is a conclusion which in my judgment was open to the District Judge to reach on the evidence she had before her. Ms Lamberts' various oral arguments in support of the submission that the judge had fallen into error in finding that LFL had acquired goodwill in Litecoin as a trade name were all in reality attempts to re-argue the issue before me as if the appeal were by way of rehearing. This approach was not open to her in light of Prescott v Potamianos [2019] EWCA Civ 932.

Ground 2: the Judge erred in law in finding that an application to register Litecoin was an actionable misrepresentation

41. In paragraph 66 of her judgment, the judge held as follows:

“I accept that the filing of a trade mark application fulfils the requirements identified by Aldous LJ in relation to representation by public filing”

42. The judge reached this conclusion because she accepted the following submissions made by LFL:

- i) since trade mark applications appear in a publicly accessible journal, the filing of the Inshallah TM Application was a public announcement to the

world of a purported connection between Inshallah and the Litecoin trade name;

- ii) inherent in the application is an assertion of the right to use the sign and an intention to do so;
- iii) in fact, Inshallah had no such connection or intention. Its intention was simply to seek to dishonestly benefit from and appropriate goodwill in accordance with a previous course of conduct;
- iv) the case therefore falls squarely within the ratio of *One In A Million*.

43. In my judgement, the judge was correct to accept these submissions and to reach the conclusion she did in paragraph 66.

44. Ms Lambert's raised three objections. She submitted: (a) An application to register or an opposition to the registration of a trade mark is not a representation as defined by Lord Oliver in Reckitt and Colman because an application to register a mark is not, of itself, a representation to the public that the applicant or opponent's goods or services or economic activity are in any way connected. At the very most, she submitted it can only be a step in preparation or facilitation of a representation; (b) Even if such application or opposition was a representation it could not have affected such goodwill as C may have enjoyed in the activities mentioned in para [41] of the judgment; and (c) Even if it was otherwise an actionable misrepresentation, it would be contrary to public policy to allow an action for passing off to inhibit the registration of trade marks.

45. Whether an application to register a trade mark involves a representation or not is to a very large extent a finding of fact. When filing the TM3 application form

an applicant must confirm the following: “The trade mark is being used by the applicant, or with his or her consent, in relation to the goods or services shown, or there is a bona fide intention that it will be used in this way”.⁵ By signing the this form, Mr Pepin on behalf of Inshallah, was, in my judgement, obviously making a clear representation of fact, namely that Litecoin was either already being used by Inshallah or that there was a bona fide intention on the part of Inshallah to use the name Litecoin in connection with a financial services or virtual currency business. I reject Ms Lambert’s submission that the judge fell into error by not holding that the filing of a trade mark application is only a preparation for a potential (mis)representation.

46. The judge’s factual conclusion that there had been a misrepresentation is also in my judgement unassailable. Having heard Mr Pepin being cross examined in relation to an alleged history of making systematic and opportunistic registrations of domain names and trade names, she did not accept that Mr Pepin had any genuine intention to trade and exchange Litecoin (paragraphs 76 and 77).
47. As to Mrs Lambert’s submission that any misrepresentation was not capable of affecting any goodwill LFL had in the mark Litecoin, that seems to me to fly in the face of common sense. The judge held that the intention in making the Inshallah TM Application was dishonest gain by the Defendants or a third party. The most obvious way in which that might have occurred is by seeking a payment from LFL in return for agreeing a transfer of the trademark. There is a

⁵ The requirement derives from 32(3) of the Trade marks Act 1994

clear misrepresentation because there is no bona fide intention by Inshallah to use the mark Litecoin as part of a virtual currency or financial services business.

48. Mr Snell referred me to the following passage in the first instance decision in *One In A Million* which, though concerned with the registration of an internet domain name, applies equally well to the application by a company to register as a trade mark a name:

“There is only one possible reason why anyone who was not part of the Marks & Spencer Plc group should wish to use such a domain address, and that is to pass himself off as part of that group or his products off as theirs. Where the value of a name consists solely in its resemblance to the name or trade mark of another enterprise, the court will normally assume that the public is likely to be deceived, for why else would the defendants choose it?”⁶

49. The same point was made by the Court of Appeal in response to a submission that mere registration of a domain name does not cause any damage to goodwill or give rise to a likelihood of damage:

“The placing on a register of a distinctive name such as “marksandspencer” makes a representation to persons who consult the register that the registrant is connected or associated with the name registered and thus the owner of the goodwill in the name. Such persons would not know of One In A Million Ltd and would believe that they were connected or associated with the owner of the goodwill in the domain name they had registered. Further, registration of the domain name including the words “Marks & Spencer” is an erosion of the exclusive goodwill in the name which damages or is likely to damage Marks & Spencer Plc”⁷

50. Although, as the judge recognised, Litecoin is not as distinctive a name as Marks and Spencer and an application for a trade mark appears in the IPO online journal rather than a register, in my judgment, the same basic point applies. Any person consulting the public list of applications for trade marks would assume

⁶ [1998] FSR 265 at 271.

⁷ [1999] 1 WLR 903 at 924 F-G (per Aldous LJ).

that Inshallah was connected with the owner of goodwill in the name of Litecoin.

51. As to the suggestion that it is contrary to public policy for the law of passing off to be used to inhibit the registration of trade marks, Ms Lambert was not able to direct me to any support for such an argument either in case law, academic writing or practitioner textbook. The procedure available under the Trade Marks Act 1994 to challenge registration on the ground that it is not in good faith is not in my judgment intended to be an exclusive remedy. That much is clear from section 2(2) of the Trade Marks Act 1994 which provides:

“No proceedings lie to prevent or recover damages for the infringement of an unregistered trade mark as such; but nothing in this Act affects the law relating to passing off”

52. In summary, in my judgment, District Judge Hart was right to accept LFL’s case that the Inshallah TM Application constituted an actionable passing off for the same reasons as the registration of the domain names was in *One In A Million*.
53. I would, if necessary, have in any event upheld the granting of the injunction on the basis of the judge’s findings in paragraphs 71 – 78 of the judgment that both the Inshallah TM Application and the registration of its name by Nasjet were instruments of fraud.

Ground 3: the Judge erred in finding that the Fees of Prosecuting or Opposing a Trade Mark Application constituted damage for the Purposes of Passing Off

54. There is no requirement for actual damage to be proved or even that it will certainly occur in order to obtain even a final injunction to prevent a passing

off. It is enough that the court concludes that what is going on is calculated to infringe the claimant's rights in future.⁸ The judge decided to maintain the injunction notwithstanding the fact that she held no damages would be awarded. The existence of a mere *quia timet* action in the case of a threatened passing off by a company which has not even traded but which has made an application amounting to an instrument of fraud was expressly recognised by the Court of Appeal in *One in A Million*.⁹

55. Given the judge's finding of fact that both the Inshallah TM Application and the Nasjet change of name registration amounted to instruments of fraud, it was, in my judgement, open to the judge to grant the injunction sought without making any finding about whether the fees of prosecuting or opposing the Inshallah TM Application were recoverable as damages in an action for passing off. Ground 3 also therefore fails.

Ground 4: The Judge misapplied the Ratio of One in A Million to the facts of this Case

Ground 6: The Judge took Account of Evidence that was irrelevant to the Action before her, namely previous Litigation and UDRP Cases to which the Third Defendant had been a Party

56. These two grounds of appeal are closely linked and overlap. As developed in her skeleton argument and oral submissions, Ms Lambert complains that the judge formed an adverse view of Mr Pepin's character in part on the basis of

⁸ *A.G. Spalding & Bros v A.W. Gamage Ltd* (1915) 32 R.P.C. 273 [283] and *One in A Million* [1998] FSR 265 at 271.

⁹ [1999] 1 WLR 903 at 916E and 920G (per Aldous LJ).

irrelevant material and strained the ratio of *One in A Million* so as to apply it to this case.

57. As to the first point, it would appear to be the case that counsel for LFL at the trial drew the judge's attention to AG v Pepin [2004] EWHC 1246 in which certain findings were made about Mr Pepin's conduct of litigation, this clearly formed no part of her reasoning.
58. The judge did, however, take a view as to the conduct of Mr Pepin and companies controlled by him in relation to other trade names – see paragraphs 72 – 75 of the Judgment. This she was fully entitled to do. LFL had pleaded a case based on previous course of conduct involving applications to register trade marks in bad faith. The District Judge had the advantage of hearing Mr Pepin cross-examined on these allegations and she found his explanations unpersuasive.
59. The Court of Appeal in *One in A Million* held, at least when an instrument of fraud case is being advanced, the court should consider “the intention of the of the defendant, the type of trade and all the surrounding circumstances”.¹⁰ LFL's claim was expressly advanced as an instrument of fraud and the court found that case to be made out on the facts. It was therefore entirely appropriate for the Judge to consider the evidence of Mr Pepin's previous conduct in relation to other trade mark applications. There was, in my judgement, no misunderstanding or misapplication of the law as set out in *One in A Million* by the District Judge.

¹⁰ [1999] 1 WLR 903 at 920E (per Aldous LJ)

Disposal

60. For the reasons given above, the appeal is dismissed.