

O-569-16

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION NO 3 068 291 FOR THE
MARK: JETXTRA IN THE NAME OF DANIEL REILLY**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO 402 967
BY SPORTING EVENTS GLOBAL LIMITED AND SHASHI KUMAR SONI**

Background and pleadings

1. Daniel Reilly applied to register the trade mark No 3 068 291 JETXTRA in the UK on 13th August 2014. It was accepted and published in the Trade Marks Journal on 5th September 2014 in respect of the following services:

Class 39:

Travel arrangement; travel agency services; organisation of excursions, sightseeing tours, holidays, cruises, tours and travel; package holiday services; arrangement of holiday travel and transportation by air, land and sea; cruise holiday reservation services; travel advice and escorting of travellers; online information, reservation and booking services in the tourism and business travel sector (online travel agencies); airport transfer services; car rental; provision of travel information; information, advice and consultancy in relation to all the aforesaid services.

Class 43:

Booking and reservation services for holiday accommodation; arranging of holiday accommodation; accommodation bureau services; providing room reservation and hotel reservation services; reservation services for booking meals; information, advice and consultancy in relation to all the aforesaid services.

2. Sporting Events Global Limited (SEGL) and Mr Shashi Kumar Soni oppose the trade mark on the basis of Section 5(4)(a) of the Trade Marks Act 1994 ("the Act"). This is on the basis of its alleged earlier rights in JETXTRA. It claims to have been providing airline services under this sign since May 2013 and has acquired goodwill under the sign. Use of the trade mark applied for would therefore be a misrepresentation to the public and result in damage to the aforementioned goodwill.

3. By way of background, the opponent claims that it has been operating for the past two years, selling flight seats between Humberside Airport and Spain. These flights have been provided under the Jetxtra name. The opponent is the holder of an Air Travel Organiser's Licence (ATOL) which is run by the Civil Aviation Authority (CAA). According to the opponent, the name Jetxtra has been built up over the last two years using the ATOL licence and funds from the opponent. It has been used by the opponent since December 2012 and has been on the letterheads and shop signs of the opponent. Further, the terms and conditions on the website jetxtra.com have stated since December 2012 that all bookings are made with the opponent, trading as Jetxtra.com. Finally, according to the opponent, all trade partners, including British Airways (from whom the aircraft are chartered) and Humberside Airport recognise the opponent as the operators of the Jetxtra name.

4. The applicant filed a counterstatement denying the claims made. In particular he explains that Jetxtra.co, was a website and brand founded by the applicant in May 2011 prior to any involvement from the opponent. In October 2012, the applicant and opponent agreed to deal for use of SEGL's ATOL licence to enable sales of flights on the jetxtra.com website. Further, the agreement also stated that either party can terminate the agreement at any time, at which point Jetxtra Ltd (the applicant's company) and all its rights would revert to the applicant. This agreement was, according to the applicant, terminated in September 2014.

5. Both sides filed evidence. This will be summarised to the extent that it is considered appropriate. No hearing was requested and so this decision is taken following a careful perusal of the papers.

Legislation

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

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

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

(b) [.....]

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

Evidence

Opponent’s evidence

7. This is a witness statement from Mr Shashi Soni, Director of SEGL. He explains that JETXTRA was first used in the UK in December 2011. This is supported by Exhibit SEG1 which is the results of an internet search apparently showing that the JETXTRA.COM website was operational from the aforementioned date. The domain name Jetxtra.com was transferred to the opponent under direction from the Civil Aviation Authority.
8. Exhibit SEG2 is a letter from the CAA to the opponent explaining that this transfer needed to happen and also outlining that for Jetxtra to be used, the CAA must be satisfied that Jetxtra Ltd will not be a trading entity, receiving any income and will be authorised under the Sporting Events Global Ltd (SEGL) Air Travellers Organisers Licence (ATOL). The website used should be a SEGL website displaying the details of SEGL.
9. Exhibit SEG3 contains a copy of the terms and conditions from the jetxtra.com website. It is noted that this states that all flight bookings are made with SEGL

trading as jetxtra.com. The website provides customers with the opportunity to book airline flights between Humberside in the UK and Palma and Alicante in Spain. The service uses British Airways flights and as such is a virtual airline.

10. Exhibit SEG4 is a copy of an order from a County Court action involving the opponent and applicant. From this, it would appear that the order dissolved a partnership between the parties on 29th October 2014 and ordered that the applicant, Daniel Reilly pay a particular sum of money back to the opponent in these proceedings. The order also states that the opponent may take all steps necessary to effect the ownership and administration rights in relation to Jetxtra.com.
11. Exhibit SEG8 is, according to Mr Soni, evidence that the domain name Jetxtra.com was transferred back to the opponent.
12. Exhibit SEG5 is a printout from Companies House showing that Mr Soni and Mr Reilly were directors and partners of Jetxtra Ltd, with Mr Soni holding a majority 55% share.
13. Mr Soni provides details of annual sales and promotional expenditure prior to the filing date. Between January and September 2013 these are around £156,000 with around £4,000 in promotional spend. Between January and September 2014, around £320,000 and £10,000 in promotional spend.
14. Exhibit SEG10 is an example of a letterhead used by the opponent. It is noted that it shows Jetxtra.com being a name used by the opponent. It is not clear as to how long such letters have been in use, though there is a letter exhibited at SEG12 from the opponent's sign writer confirming the supply of signs and letterheads to the opponent since July 2013.
15. Exhibit SEG11 is an undated photograph of a shop front of the opponent showing Jetxtra in use. Mr Soni claims that these have been in use since August 2013.

Applicant's evidence

16. This is a witness statement from the applicant, Daniel Reilly. He claims that the trade mark applied for was first used in the UK in December 2011 by the applicant in respect of travel arrangement, travel agency services and booking and reservation services for holiday accommodation. Mr Reilly describes himself as the founder of Jetxtra.

17. Exhibit DR1 is a copy of a news article from a travel website called "Travel Mole" dated January 19th 2012 about Jetxtra in the context of a dispute with an airline called Jet2. The article identifies the Jetxtra Director as Mr Reilly and also states that Jetxtra is planning to launch flights to Palma and Malaga from Humberside in June 2012. The impact of this article and its "reach" to potential customers is unclear.

18. Exhibit DR2 is a screen capture of the Jetxtra website as shown on BBC News in January 2012. Mr Reilly argues that this demonstrates that the Jetxtra brand was in full use and receiving mass public exposure prior to any involvement with the opponent.

19. Exhibit DR3 is a signed commercial contract between Jetxtra Ltd and SEGL, signed by Mr Reilly for Jetxtra Ltd and Mr Soni for SEGL. It is dated 10th October 2012. Mr Reilly explains that the agreement between the parties was purely to allow himself as Jetxtra Ltd the use of the ATOL of the opponent, for the sale of flights via the website he had already established. Mr Reilly explains that he was advised by the opponent that in order to allow Jetxtra to use the opponent's ATOL license, it needed to place the website domain registration in the name of the opponent. Mr Reilly alleges that at no stage did he consent or agree to the opponent owning the Jetxtra name. This was done purely to allow flight sales. It is noted from the contract that SEGL receive all funds from flights sold. Further, that it is they that arrange refunds to customers. Finally, that they keep and maintain all relevant records as regards monies received, bookings made etc.

20. Exhibit DR4 is a shareholders agreement of Jetxtra Ltd, dated 10th October 2012, signed by the opponent's Mr Soni and Mr Reilly. It is noted that the agreement states that upon termination, the full ownership and rights of Jetxtra Ltd would return to the owner Mr Reilly. It does not however say anything specific as regards intellectual property rights. In September 2014, according to Mr Reilly, he notified Mr Soni that the agreement was to be terminated. According to Mr Reilly, Mr Soni has ignored this and continued to trade under the name Jetxtra. It is noted however, that this date follows the filing date in these proceedings, namely 13th August 2014. I will return to this point further below.

21. Exhibit DR5 and DR6 are ITV News press articles, dated 28th May 2013. These articles promote both the Jetxtra name and the "young entrepreneur" identity of Mr Reilly. It is noted that both articles state that this is the date that the first flights of the Jetxtra business were operational.

22. Mr Reilly provides sales and advertising figures prior to those provided by the opponent: for the year 2011-2012. Sales are £29,000 and advertising, £2,000. Mr Reilly ends his witness statement by declaring that the Jetxtra name is well known to the public in the North of England due to his numerous promotional activities. For that public, according to Mr Reilly, he is the public founder and owner of the brand whereas the opponent's only mention with Jetxtra is a footnote on the bottom of the website and in the terms and conditions of booking.

Opponent's evidence in reply

23. This is a witness statement from Mr Soni, the same as has already submitted a witness statement in these proceedings. Mr Soni submits that the assertion that the brand was trading in 2011 is untrue and that the figures provided by the applicant could not have been achieved without the ATOL licence and merchant processing facilities provided by the opponent. Mr Soni appears to agree that the Jetxtra domain name was transferred to the opponent to satisfy the CAA. As regards the termination of the agreement between the parties,

Mr Soni alleges that Mr Reilly resigned of his own accord in November 2015 and as such, the opponent now has full control of Jetxtra Ltd, leaving Mr Reilly with no rights. Mr Soni also notes that Mr Reilly did not attend the Court Hearing to defend his case for taking company funds, nor did he defend his case for the use of the domain name JETXTRA.COM which was transferred by the hosting company to the opponent.

24. In respect of marketing and promotion, Mr Soni agrees that the “young entrepreneur” was a good story for the media and this was the reason that he was in front of the cameras and for news articles in the press. Mr Soni asserts that one of the press articles referred to is misleading as it was not Jetxtra specific. However, it is noted that the content of all of the articles is in respect of Jetxtra and Mr Reilly.

25. Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It is (with footnotes omitted) as follows:

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House."

26. Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

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

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

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

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

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

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

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

Goodwill

27. Goodwill has been usefully described in the following guidance:

Inland Revenue Commissioners v Muller & Co's Margarine Ltd [1901] AC 217

(HOL):

“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 start.”

28. In respect of goodwill, the evidence clearly establishes that there was a trade occurring prior to the relevant date (the filing date of the application, namely 13th August 2014), at least in respect of the provision of flights. Promotional activities has also occurred. Goodwill therefore clearly existed. However this is not the end of the matter.
29. In these proceedings, it is clear that at (and indeed prior to) the relevant date, SEGL and the applicant's company Jextra Ltd were in a business relationship with one another. Each contributed to the business: SEGL in providing the core requirements such as the ATOL and merchant payment facilities without which the business could not have traded; Mr Reilly as Director of Jetextra Ltd in the day to day running (including promotion) of the business. The earliest date to which a breakdown in this relationship can be established is September 2014, when, according to Mr Reilly, the relationship was "terminated". This is disputed by Mr Soni, who says that Mr Reilly resigned of his own accord in November 2015. There is also a County Court Order, dated March 2015, which states that the partnership was dissolved in October 2014, though the exact circumstances are unclear. The reason for focussing upon this point is to reiterate that the relevant date in these proceedings is the filing date of the application: 13th August 2014. It is this date that the existence of and ownership thereto of any goodwill is to be assessed and decided upon, unless an earlier date is relevant which is not the case here, bearing in mind the timeline of events and the relationship between the parties. At the filing date, there is no suggestion from either party that the agreement(s) between them had been terminated.
30. The key issue to be assessed is who is the owner of the goodwill established? Is it SEGL or Jetextra Ltd? Or is it indeed shared?
31. In respect of the applicant, there is evidence that he promoted the Jetextra name prior to his business relationship dealings with SEGL, there is publicity regarding a name dispute and other press articles. The focus of these materials does appear to be about Mr Reilly as an entrepreneurial individual however and particularly his young age, rather than in respect of a trading

business. There are also (minimal) sales figures prior to this partnership, but it is unexplained as to what these relate to. It cannot be that they relate to flights as the ATOL licence was required prior to any trade in offering flights. The key point is that even though the evidence shows the applicant's personal contribution to Jetxtra Ltd in its partnership with SEGL, goodwill does not attach to him as an individual (as he claims). Rather, it attaches to the business trading as Jetxtra.com.

32. In considering the question of ownership of goodwill, I take into account the following guidance from *The Law of Passing-Off: Unfair Competition by Misrepresentation*, 4th Ed, Wadlow, contains the following helpful guidance as to the ownership of goodwill

3-136 The factors which influence the ownership of goodwill were encapsulated by Lord Reid in *Oertli v Bowman* [1959 RPC 1, 7, HL]:

“Bowmans made and marketed the *Turmix* machines without the appellants [plaintiffs] having controlled or having had any power to control the manufacture, distribution or sale of the machines, and without there having been any notice of any kind to purchasers that the appellants had any connection with the machines.”

There are two distinct, and not necessarily consistent, standards in this passage. One is to ask who is in fact most responsible for the character or quality of the goods; the other is to ask who is perceived by the public as being responsible. The latter is (perhaps surprisingly) the more important, but it does not provide a complete answer to the problem because in many cases the relevant public is not concerned with identifying or distinguishing between the various parties who may be associated with the goods. If so, actual control provides a less decisive test, but one which does yield a definite answer.

3-137 To expand, the following questions are relevant as to who owns the goodwill in respect of a particular line of goods, or, mutatis mutandis, a business for the provision of services:

- Are the goods bought on the strength of the reputation of an identifiable trader?
- Who does the public perceive as being responsible for the character or quality of the goods? Who would be blamed if they were unsatisfactory?
- Who is most responsible in fact for the character or quality of the goods?
- What circumstances support or contradict the claim of any particular trader to be the owner of the goodwill? For example, goodwill is more likely to belong to the manufacturer if the goods are distributed through more than one dealer, either at once or in succession. If more than one manufacturer supplies goods to a dealer and they are indistinguishable, the dealer is more likely to own the goodwill.”

33. In respect of question 1, it is considered that the evidence is inconclusive.

However, this is only one aspect to consider. As regards questions 2, 3 and 4, it is noted that it is SEGL who have provided customer facing evidence: shop fronts and letter headers showing SEGL trading as Jetxtra.com. There is no equivalent evidence from the applicant and/or Jetxtra Ltd. Indeed, Jetxtra Ltd are not mentioned at all in this evidence. They have also provided sales figures as well as advertising and promotion spend. Further, all relevant payments from customers were made to SEGL and any refunds required would also have been made by SEGL. Mr Soni of SEGL also claims that British Airways (its flight provider) would consider Jetxtra to be SEGL. All of this evidence is unchallenged by the applicant. The answer to question 2 and 3 therefore is that it is SEGL would be perceived by the public as being responsible for the character and quality of the services; that they would be blamed if they were unsatisfactory and that they were in fact responsible for the character or quality of the services. These circumstances support SEGL’s claim to be the owner of the goodwill in respect of question 4.

34. Contradicting SEGL's claim is the alleged activities by the applicant in respect of the Jetxtra name between 2011 and 2012 prior to its involvement with SEGL. However, as already stated, it is unclear as to what the applicant's trading activities were. There are very small amount of sales figures and promotional spend. There appears to have been some promotion of the name but this appears limited to the applicant's future plans for the provision of flights under the Jetxtra name. The focus of the majority of the evidence is in respect of a name dispute with Jet2 and about the applicant as a youthful entrepreneur. From the evidence as filed by the applicant, the impact these activities had on consumers is unclear. Even if, therefore, the applicant as an individual is the senior user in the strictest sense of the Jetxtra name, I cannot conclude that the business generated any goodwill prior to the involvement of SEGL.

35. Taking all the matters in the round, I am persuaded that the goodwill is, on balance, owned solely by SEGL.

36. Bearing in mind all of the aforesaid, the opponent has established that at the date of the application, namely 13th August 2014, it had a protectable goodwill.

Misrepresentation

37. In *Neutrogena Corporation and Another v Golden Limited and Another*, [1996] RPC 473, Morritt L.J. stated that:

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

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the

public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]"

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

And later in the same judgment:

"... for my part, I think that references, in this context, to "more than *de minimis* " and "above a trivial level" are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion."

38. In these proceedings, the signs in question are identical. The respective fields of activity also coincide or are otherwise closely related. It is considered therefore inevitable that members of the public will be misled into purchasing flights or holidays from the application in the belief that they are purchasing from the opponent.

Damage

39. In *Harrods Limited V Harrodian School Limited* [1996] RPC 697, Millett L.J. described the requirements for damage in passing off cases like this:

"In the classic case of passing off, where the defendant represents his goods or business as the goods or business of the plaintiff, there is an obvious risk of damage to the plaintiff's business by substitution.

Customers and potential customers will be lost to the plaintiff if they transfer their custom to the defendant in the belief that they are dealing with the plaintiff. But this is not the only kind of damage which may be caused to the plaintiff's goodwill by the deception of the public. Where the parties are not in competition with each other, the plaintiff's reputation and goodwill may be damaged without any corresponding gain to the defendant. In the *Lego* case, for example, a customer who was dissatisfied with the defendant's plastic irrigation equipment might be dissuaded from buying one of the plaintiff's plastic toy construction kits for his children if he believed that it was made by the defendant. The danger in such a case is that the plaintiff loses control over his own reputation.

40. As already stated, these are identical signs in the same and closely related field of activity. It is entirely feasible that in the light of the public being misled, that the opponent will lose custom. Damage is therefore considered to be inevitable.

41. The ground of opposition under Section 5(4)(a) therefore succeeds in its entirety.

COSTS

42. The opponent has been successful and is entitled to a contribution towards its costs. In the circumstances I award the opponent the sum of £1250 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Opposition Fee and Notice of opposition - £500

Filing evidence and considering evidence - £750

43. I therefore order Daniel Reilly to pay Sporting Events Global Limited and Mr Shashi Kumar Soni the sum of £1250. The above sum should be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 5th day of December 2016

Louise White
For the Registrar