

BLO/148/20

TRADE MARKS ACT 1994

**IN THE MATTER OF
TRADE MARK APPLICATION NOS 3248059, 3248061 AND 3248081
IN THE NAME OF THE JET BUSINESS INTERNATIONAL CORPORATION**

AND

**OPPOSITIONS THERETO UNDER NOS 411278, 411280 AND 411456
BY STEVEN VARSANO**

Background and pleadings

1. On 3 August 2017, The Jet Business International Corporation (“the applicant”) applied to register the three trade marks shown below:

(i) UK application number 3248059 **THE JET BUSINESS**

(ii) UK application number 3248061 **TJB**

(iii) UK application number 3248081



The applications were all published on 6 October 2017 in respect of the following services:

Class 35: Purchasing agency services; marketing services; marketing assistance, advice, consultancy, analysis, information, research, management; purchasing goods and services for others; marketing the goods and services of others; provision of information and advice regarding the selection of products and items to be purchased; referral marketing; commercial transaction services; commercial transaction advisory services; negotiation, arrangement, mediation, conclusion, settlement of commercial transactions; acquisition services and advice; data services, namely data management, processing, collection, compilation, dissemination, extraction, analysis, research and consultancy services; database services, namely database management, compilation, dissemination, extraction, analysis, research services; staffing and recruitment services; tax preparation, advice, planning and consultancy; management services.

Class 36: Financial affairs; monetary affairs; financial services; financial assessments, appraisals, valuations, evaluations; asset assessments, appraisals, valuations, evaluations; financial and monetary transaction services; financial and monetary transaction advice, arrangement and consultancy; insurance services.

Class 42: Design services; Interior Design.

2. Notices of opposition against the above marks were filed on 8 January 2018 by Steven Varsano. The oppositions are based upon ss. 5(4)(a) and 3(6) of the Trade Marks Act 1994 (“the Act”) and are directed against all of the services in the applications.

3. Under s. 5(4)(a), Mr Varsano relies upon the following signs:

Earlier sign	Opposed trade mark
THE JET BUSINESS	UK3248059 UK 3248081
TJB	UK 3248061
	UK 3248081
	UK 3248081

Mr Varsano claims that he owns the signs and that he has generated goodwill through the use he has made of each of the signs throughout the UK since 2009 in relation to the following services:

Purchasing agency services; marketing services; marketing assistance, advice, consultancy, analysis, information, research, management; purchasing goods and services for others; marketing the goods and services of others; provision of information and advice regarding the selection of products and items to be purchased; referral marketing; commercial transaction services; commercial

transaction advisory services; negotiation, arrangement, mediation, conclusion, settlement of commercial transactions; acquisition services and advice; data services, namely data management, processing, collection, compilation, dissemination, extraction, analysis, research and consultancy services; database services, namely database management, compilation, dissemination, extraction, analysis, research services; staffing and recruitment services; tax preparation, advice, planning and consultancy; management services.

Financial affairs; monetary affairs; financial services; financial assessments, appraisals, valuations, evaluations; asset assessments, appraisals, valuations, evaluations; financial and monetary transaction services; financial and monetary transaction advice, arrangement and consultancy; design services; interior design.

4. Mr Varsano asserts that the public is familiar with and associates the services provided under the signs with him. Use of the contested marks would, he says, constitute a misrepresentation and result in damage to his goodwill.

5. Under s. 3(6), Mr Varsano claims that he is the owner and developer of the contested marks. He asserts that he was previously CEO of the applicant and that the applications were filed without his consent. He claims that applications have been made in other jurisdictions which he has been “forced” to oppose. Mr Varsano claims that the applications were made after the applicant learnt that the marks were not already registered and that the sole purpose of the applications was to interfere with Mr Varsano’s business.

6. The applicant filed counterstatements in which it denies the grounds of opposition. In particular, it denies that Mr Varsano has used any of the signs since 2009, that any goodwill would be associated with him and that there would be any misrepresentation. It claims that it has used the contested marks since 2011 and that it is the owner of any and all rights and goodwill. The applicant claims that Mr Varsano was an employee of Jet Club International Limited (“JCIL”), the UK servicing company for the applicant, and that any

intellectual property rights created or used by Mr Varsano would have been owned by JCIL and, pursuant to an agreement between the companies, by the applicant. The applicant denies that Mr Varsano was the CEO of the applicant and that his permission was required to make the trade mark applications. It makes various allegations about Mr Varsano's behaviour which I do not need to detail here.

7. Both parties filed evidence. A hearing was held before me, by videoconference, on 22 November 2019. Mr Varsano was represented by Andrew Norris of Counsel, instructed by K&L Gates LLP, and the applicant by Guy Tritton of Counsel. As there is a large amount of confidential evidence in this case (see below), I ordered that the hearing be in camera.

Preliminary issues

8. There have been three Case Management Conferences ("CMCs") in this case. The first two related to requests for confidentiality of the evidence. My decisions and reasons are contained in my letters of 21 September 2018 and 25 February 2019 and I adopt them here. The final CMC was held to discuss the applicant's request to file additional evidence, which I allowed for the reasons I gave in my letter of 16 September 2019.

9. It is a regrettable feature of this case that the existence of orders for confidentiality in operation elsewhere has led to a great deal of the key material, much of which would not ordinarily be granted confidentiality, being withheld from the public in order to prevent the parties' breach of those orders. It is also unfortunate that the parties' desire for the entirety of the evidence to be kept confidential (as expressed at the first CMC) has, particularly on the opponent's part, led to indiscriminate applications for confidentiality and little attempt to redact or anonymise details which might otherwise have permitted the bulk of the material to be open to public inspection. In a jurisdiction where transparency of justice remains a key tenet, such an approach is not helpful. In approaching the confidential material, I will proceed on the basis that the parties are aware of their obligations in

respect of confidentiality and that, where either party has referred to material in publicly available documents, I may do likewise.

Evidence

10. Mr Varsano provides three witness statements, in his own name, in support of his claims. The applicant's evidence is provided by Ivan Ivanov, in three statements, and by Dan Firer. I will summarise the evidence only to the extent I consider necessary.

11. The parties appear to agree the following facts:

- Mr Varsano conceived the "THE JET BUSINESS" mark;
- Mr Varsano has traded as an aircraft broker, and a successful one;
- The domain name www.thejetbusiness.com was registered by Mr Varsano on 12 April 2006;
- The applicant is a joint venture company ("JV company") with two shareholders, [REDACTED] ("Company A") and [REDACTED] ("Company B"). It is a 50:50 split, though Company B's shares are held on trust by Company A. The Joint Venture agreement ("the JV agreement") was executed on 20 December 2010;¹
- Mr Ivanov is a director of Company A. He is also a director of the applicant and has been since its incorporation;
- Mr Varsano is the ultimate beneficial owner of Company B. He was also General Manager of JCIL;²
- The applicant was incorporated on 10 January 2011. There appears to be no dispute that the applicant company was the JV company, despite a different name being originally envisaged;³

¹ Ivanov 1, §3.1 and SV8. Mr Varsano's narrative evidence gives a different date but the copy of the agreement provided in his evidence is clearly dated.

² Ivanov 1, §6.9; Varsano 1, §8 and exhibit SV9.

³ For example, Varsano 1, §7 and confidential exhibit SV20

- [REDACTED]
[REDACTED]⁴
- Much of the operation was carried out by service companies, initially JCIL then Jet Business (CY) Limited (“JB Cyprus”);
- [REDACTED]
[REDACTED]
[REDACTED];
- [REDACTED]
[REDACTED].⁵
- On 11 April 2017, Mr Varsano incorporated the Jet Business (International) Limited (“NewCo”);
- [REDACTED]
[REDACTED]
[REDACTED].⁶
- Mr Varsano is correctly described as the (co-) founder or owner of the Jet Business showroom and he was the “face” of the business.

Mr Varsano’s evidence

Trade before December 2010

12. Mr Varsano’s evidence is that he incorporated the Jet Business Corporation (New York) on 3 July 2008.⁷

13. Archive prints from the WayBack Machine of www.thejetbusiness.com, dated January and May 2009, are provided, which show the sign reproduced below and the words “THE JET BUSINESS” used in connection with the acquisition and sale of corporate jets:⁸

⁴ Ivanov confidential statement (“Ivanov 2”), 3.9.2; opponent’s skeleton, §21.
⁵ Varsano 3, §7(a).
⁶ Ivanov 2, §4.1.2; Varsano 1, confidential §14 and confidential exhibit SV13.
⁷ Varsano 1, §3 and SV2.
⁸ Exhibit SV3.



14. Mr Varsano exhibits presentations entitled “The Jet Business: The Ultimate Luxury Retail Brand”, dated July 2010, and “The Jet Business”, dated 19 April 2010.⁹ These concern research on the market/competitors and detail what appears to be his as yet unrealised vision for a retail store for corporate jets (references are made to the changes required to implement the vision, potential locations and the retail concept “to be designed”). Both refer to Mr Varsano’s experience, including over 220 transactions. There is also information concerning a 2003 Gulfstream G550 (both a US and a UK phone number are visible) and the “retail store concept”, said to be dated between 2008 and 2010.¹⁰

15. A selection of emails, dated between September 2008 and November 2010, between Mr Varsano (using the email address sv@thejetbusiness.com) and various interested parties are provided.¹¹ Whilst there are references to the potential purchase of aircraft, none is clearly in the UK: the only correspondence with a party in the UK regarding an aircraft sale is with Cessna Finance, which concerns a finance lease offer and there is no evidence as to the outcome.

16. [REDACTED]
[REDACTED]
[REDACTED].¹² [REDACTED]
[REDACTED].

The JV Agreement

⁹ Exhibit SV4.

¹⁰ Varsano 1, §5 and exhibit SV4.

¹¹ Exhibit SV5.

¹² Varsano 3, §6(b) (confidential).

17. A copy of the executed JV agreement is in evidence.¹³ [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

18. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].¹⁴

19. [REDACTED]
[REDACTED]
[REDACTED]

¹³ Confidential exhibit SV8.

¹⁴ Exhibit SV7. See also Varsano 2, confidential paragraph 5(b).

During the JV

20. Further archive prints, dated February to October 2011, are provided.¹⁵ Most show the same information as the 2009 prints described above but one print, dated 13 November 2011, shows both “THE JET BUSINESS” and the following sign:



The site refers to the business as “the world’s first ever street-level corporate aviation showroom for the acquisition and sale of private jet aircraft and ancillary services”.¹⁶

21. A copy of an article from *Business Jet Traveller* dated June 2012 describes the new “The Jet Business” showroom.¹⁷ It is presented as Mr Varsano’s brainchild and he is quoted as referring to “my business” in the article. Mr Varsano is quoted as saying that he decided on London “because so much of my business is from Africa, Europe, the CIS countries and the Middle East—and they all come to London”.

22. Mr Varsano exhibits a copy of a service agreement between JCIL and the applicant dated 26 September 2011, in which JCIL agrees to provide a range of services

[REDACTED]

[REDACTED].¹⁸ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] It also includes the following clause:

“JCI [JCIL] recognises and agrees that JBIC [the applicant] holds all rights, titles and interests in and for all technology processes, inventions, trade secrets, know-how, information, specifications and designs relating to the

¹⁵ Exhibit SV3.

¹⁶ Exhibit SV3, p. 7.

¹⁷ Exhibit SV6.

¹⁸ Confidential exhibit SV12.

business activities of JBIC conducted both inside and outside UK either in whole or in part. This includes all Intellectual Property rights including without limitation or copyrights, all trademarks, trading names and service marks”.¹⁹

23. Mr Varsano acknowledges that in the agreement JCIL “recognises certain intellectual property rights held by the Applicant, but does not assign or otherwise transfer any rights held by me prior to its execution, including the Trade Mark [sic] which were created and developed by me prior to my employment by [JCIL]”.²⁰

24. Mr Varsano exhibits the employment contract between himself and JCIL for the post of General Manager, which had effect from 3 October 2011.²¹ Under this contract, Mr Varsano is a salaried employee. His employment with JCIL was transferred to Jet JB Cyprus on 13 February 2017, on the same terms.²² JB Cyprus was wound up with effect from 31 August 2017.²³

Breakdown of the JV

25. Mr Varsano’s evidence on this point is mainly in response to the evidence of the applicant.

26. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].²⁴

¹⁹ This is included in the public evidence of the applicant (Ivanov 1, §6.18).

²⁰ Varsano 1, §13.

²¹ Varsano 1, §8 and exhibit SV9.

²² Varsano 1, §12 and SV10.

²³ Varsano 1, §12 and SV11.

²⁴ Varsano 1, §14.

27. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].²⁵ [REDACTED]
[REDACTED]

28. [REDACTED]
[REDACTED].²⁶ [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

29. He provides copies of the articles of incorporation of the applicant and of a board resolution dated 5 September 2017 (after the relevant date) which are said to show that the meeting was inquorate.²⁷

Applicant's evidence

Set-up and trade under the JV

30. [REDACTED]
[REDACTED].²⁸ [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

²⁵ Varsano 2, §5(e)-5(f)

²⁶ Varsano 3, §7(b)-(c).

²⁷ Exhibits SV15 and SV16.

²⁸ Firer, §6.6 and confidential exhibits CDF9 – CFDF12

[REDACTED]

.29

31. A range of articles are provided which suggest that the Jet Business showroom opened in January 2012.³⁰ Comments are made regarding buyers based outside the UK (pp. 20, 27, 28) and detailing Mr Varsano’s readiness to “fly anywhere at the drop of a hat to sell aircraft that cost anything from less than \$18m to more than \$80m”, reporting that “Russian oil executives, Saudi princes and American technology entrepreneurs [are] always game for a new “time machine”” (p. 30). Mr Varsano is quoted as saying “the economy in London isn’t going to affect me because my clients are all around the world” (p. 38).

32. Whilst Mr Ivanov accepts that much of the day-to-day operation was carried out by service companies, including JCIL, and that [REDACTED]

[REDACTED]

.31

33. [REDACTED].³² [REDACTED]

[REDACTED]

[REDACTED].³³ There is also in evidence an email dated 3 October 2011 in which Mr Varsano asks Mr Ivanov, in his position as Director of the applicant, to execute a sales mandate (the email subject is “Sales Marketing Agreement”

²⁹ Firer, §5.2.2.

³⁰ Ivanov 1, §§6.8.1-6.8.11 and exhibit I18 (p. 25 puts the opening in January).

³¹ Ivanov 2, §3.9.3. See also Firer §6.5.2.

³² Firer, §§6.5.2-6.5.6.

³³ Confidential exhibit C117.

and the attachment is a “Broker Agt (Varsano)).³⁴ Much of the email is redacted but it is clear enough that it concerns an aircraft.

34. Mr Ivanov explains that by late 2016/early 2017, advice was given that the services provided by JCIL may need to be moved to a Cypriot company (JB Cyprus).³⁵ [REDACTED]

[REDACTED]
[REDACTED].³⁶ [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

Breakdown of the JV/circumstances of the applications

35. [REDACTED].³⁷ [REDACTED]
[REDACTED]:

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
	[REDACTED]
[REDACTED]	[REDACTED]
	[REDACTED]
	[REDACTED]
[REDACTED]	[REDACTED]
	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

³⁴ Exhibit II4.
³⁵ Ivanov 1, §7.3.
³⁶ Firer, §7.3.
³⁷ Ivanov 3, §4.8.

[REDACTED]

36. Mr Ivanov gives the following evidence:³⁸

“The Applicant has been a trading entity in its own right for 7 years and has built up extensive intellectual property and goodwill as a result, both in the UK and internationally. The Applications were aimed to protect the Applicant’s assets. The Applications also sought to best preserve the Applicant’s position in light of the Opponent’s attack on the Applicant and his blatant attempt, via his NewCo, to usurp the Applicant’s place in the market by targeting the very same customers that the Applicant had contractual arrangements with, and by using an identical name and logo in order to retain continuity so that active customers, contracting parties, those in the industry, or any other third parties for that matter, would not be aware that the Opponent was now seeking to trade (unlawfully) under a separate, unrelated, legal entity to the Applicant”.

37. [REDACTED]
[REDACTED]³⁹ [REDACTED]
[REDACTED]
[REDACTED].

38. [REDACTED]
[REDACTED]⁴⁰ [REDACTED]
[REDACTED]

³⁸ Ivanov 1, §11.2.

³⁹ Firer, §7.2.

⁴⁰ Firer, §3.19.

[REDACTED] 41 [REDACTED]
[REDACTED]

[REDACTED] 42

39. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] 43

40. [REDACTED]
[REDACTED]
[REDACTED] 44 [REDACTED]
[REDACTED]
[REDACTED] 45 [REDACTED]
[REDACTED]

41. [REDACTED]
[REDACTED]
[REDACTED] 46 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] 47

⁴¹ Firer, §3.19.
⁴² Firer, §3.20.
⁴³ Firer, §7.4.
⁴⁴ Firer, §3.22.
⁴⁵ Firer, §3.23.
⁴⁶ Firer, §3.12-3.14.
⁴⁷ Firer, §3.16.

42. [REDACTED]

[REDACTED] 48 [REDACTED]

[REDACTED]. Mr Ivanov provides copies of private investigator reports which show that as of 18 July 2017 a property at 25 Park Lane was being refurbished, which the investigators were told was for Mr Varsano and his company “Jet Business”.⁴⁹ A further report dated 8 September 2017 repeats the same information and provides images of the interior, with “THE JET BUSINESS” and an aeroplane device visible.

Section 5(4)(a)

43. 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”.

44. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, HHJ Clarke, sitting as a Deputy Judge of the High Court stated that:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the Jif Lemon case (Reckitt &

⁴⁸ Firer, §9 and CDF15.

⁴⁹ Exhibit II12.

Colman Product v Borden [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

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

45. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11, Mr Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act and concluded as follows:

"39. In *Last Minute*, the General Court [...] said:

'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.'

40. Paragraph 51 of that judgment and the context in which the decision was made on the facts could therefore be interpreted as saying that events prior to the filing date were irrelevant to whether, at that date, the use of the mark applied for was liable to be prevented for the purpose of Article 8(4) of the CTM Regulation. Indeed, in a recent case before the Registrar, *J Sainsbury plc v. Active: 4Life Ltd* O-393-10 [2011] ETMR 36 it was argued that *Last Minute* had effected a fundamental change in the approach required before the Registrar to the date for assessment in a s.5(4)(a) case. In my view, that would be to read too much into paragraph [51] of *Last Minute* and neither party has advanced that radical argument in this case. If the General Court had meant to say that the relevant authority should take no account of well-established principles of English law in deciding whether use of a mark could be prevented at the application date, it would have said so in clear terms. It is unlikely that this is what the General Court can have meant in the light of its observation a few paragraphs earlier at [49] that account had to be taken of national case law and judicial authorities. In my judgment, the better interpretation of *Last Minute*, is that the General Court was doing no more than emphasising that, in an Article 8(4) case, the *prima facie* date for determination of the opponent's goodwill was the date of the application. Thus interpreted, the approach of the General Court is no different from that of Floyd J in *Minimax*. However, given the consensus between the parties in this case, which I believe to be correct, that a date prior to the application date is relevant, it is not necessary to express a concluded view on that issue here.

41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom's TM* [2005] RPC 2 at [46] (omitting case references):

- (a) The right to protection conferred upon senior users at common law;

- (b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
- (c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: "date of commencement of the conduct complained of". If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application.

43. In *SWORDERS TM O-212-06* Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

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

46. The House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL) provided the following guidance regarding goodwill:

“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”.

47. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

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

48. It is Mr Varsano’s case that he is the owner of the signs relied upon and that such ownership was never transferred away from him by the JV agreement. However, unlike a registered trade mark, which is property on the basis of which a party can sue, there is no property in a name alone.⁵⁰ As the comments of Jacob J. in *Hart v Relentless* show, for a case of passing off to clear the first hurdle, it is not enough for Mr Varsano to claim

⁵⁰ If authority be needed, see *I N Newman Limited v Richard T Adlem* [2005] EWCA Civ 741 at [22].

that he created the signs relied upon: in order to have a property right upon which he may sue, he must establish that he had a protectable goodwill.

Did Mr Varsano have a protectable goodwill in December 2010?

49. Although there is no dispute that Mr Varsano has traded successfully as an aircraft broker, the applicant does not accept that he had a protectable goodwill on his own account or that the “The Jet Business” was distinctive of any goodwill created by any company of his. Mr Varsano has filed evidence which is said to support his claim to goodwill prior to the JV agreement. However, there is not a shred of evidence that Mr Varsano made any sales to customers in the UK prior to the JV. Whilst there is some reference to past sales history, this is in the most general of terms. It gives no indication of the territory in which the sales were made or the dates of the transactions in a business said to be of some forty years’ standing. I should point out that such evidence as there is of any sales at all, including during the currency of the JV, refers to various territories worldwide, [REDACTED]⁵¹ [REDACTED]

[REDACTED]⁵² Given the international nature of jet brokerage and Mr Varsano’s statement that his is a global business, the absence of clear information on the country where any sales took place, which ought to have been in Mr Varsano’s gift to provide, is a serious failing. Mr Norris pointed to two emails to UK-based individuals but neither shows the role of Mr Varsano in a concluded transaction in the UK: one concerns a “catch up”, with no transaction mentioned, whilst the other mentions financing a purchase but it is unclear whether this amounted to anything or where the purchaser of the aircraft was located.⁵³ The inclusion of a UK telephone number alongside a US number offers no conclusive evidence of sales in the UK. The presentations and material relating to the retail store concept (prior to its realisation under the JV agreement)

⁵¹ Firer, §6.1 and confidential exhibit CDF4.

⁵² Confidential exhibit CII7. [REDACTED]

⁵³ Exhibit SV5, pp. 5-6 and 8-10.

appear to be for the benefit of potential investors, rather than customers. Further, the research presentation contains the statement that “The challenge for the Jet Business is to develop a definable and tangible brand”, which rather suggests that it did not already exist at that point.⁵⁴ I note Lord Neuberger’s comments in *Starbucks (HK) Limited and Another v British Sky Broadcasting Group Plc & Others*, [2015] UKSC 31, where he left open whether advertising on its own is enough to create a protectable goodwill without any actual sales to UK customers:

“66. Finally, a point which I would leave open is that discussed in the judgment of Sundaresh Menon CJ in *Staywell* (see para 46 above), namely whether a passing off claim can be brought by a claimant who has not yet attracted goodwill in the UK, but has launched a substantial advertising campaign within the UK making it clear that it will imminently be marketing its goods or services in the UK under the mark in question. It may be that such a conclusion would not so much be an exception, as an extension, to the “hard line”, in that public advertising with an actual and publicised imminent intention to market, coupled with a reputation thereby established may be sufficient to generate a protectable goodwill. On any view, the conclusion would involve overruling *Maxwell v Hogg*, and, if it would be an exception rather than an extension to the “hard line”, it would have to be justified by commercial fairness rather than principle. However, it is unnecessary to rule on the point, which, as explained in para 46, has some limited support in this jurisdiction and clear support in Singapore. Modern developments might seem to argue against such an exception (see para 63 above), but it may be said that it would be cheap and easy, particularly for a large competitor, to “spike” a pre-marketing advertising campaign in the age of the internet. It would, I think, be better to decide the point in a case where it arises. Assuming that such an exception exists, I do not consider that the existence of such a limited, pragmatic exception to the “hard line” could begin to justify the major and fundamental departure from the clear, well-established and realistic principles

⁵⁴ Exhibit SV4, p. 71.

which PCCM's case would involve. In this case, PCCM's plans for extending its service into the UK under the NOW TV mark were apparently pretty well advanced when Sky launched their NOW TV service, but the plans were still not in the public domain, and therefore, even if the exception to the “hard line” is accepted, it would not assist PCCM”.

50. It is clear that advertising under a mark is not sufficient to create an actionable goodwill where was no imminent prospect of trade commencing at the time: *Bernadin (Alain) et Cie v Pavilion Properties Ltd* [1967] RPC 581. Pre-launch publicity appears to have been accepted as sufficient to create an actionable goodwill in the cases of *Allen v Brown Watson* [1965] RPC 191 and *BBC v Talbot* [1981] FSR 228, but as explained in paragraph 3-071 of Wadlow's *The Law of Passing Off* 5th Ed, the plaintiffs in these cases had long-established businesses and goodwill in the UK. The real issue was whether their new marks had become distinctive of those businesses to their UK customers through advertising alone. Until the law is clarified, it is therefore doubtful whether a business with no sales to UK customers can establish a passing off right based solely on advertising. In any event, the evidence provided by Mr Varsano falls a long way short of constituting advertising, or other promotional activity, sufficient to have established goodwill. I find that, as at the date of the JV agreement, no goodwill existed upon which Mr Varsano might have relied to restrain the applicant or any other party from using the signs in the course of business.

The JV agreement

51. Given that there is no self-standing right of property in a name, and that I have found that Mr Varsano had no protectable goodwill at the date of the agreement, the arguments concerning any assignment, permission to use or licensing of rights fall away: Mr Varsano has not established that he had any protectable rights. As both parties appear to accept that there was one business and that the business carried on after December 2010 did create a protectable goodwill, the question becomes: can Mr Varsano lay claim to that goodwill?

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]” 55

54. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. The very purpose of a JV agreement is for the parties to pool their resources for the benefit of the resulting company. I see nothing in the agreement which indicates that the position here is any different. It would undermine both the purpose of the JV and the potential success of the applicant’s business if the parties or their principals were entitled to compete for, or claim as their own, the same business. It seems to me that the terms in the JV agreement concerning the purpose of the agreement and the obligations of the parties override any public perception of Mr Varsano’s role. It is also not surprising, given that the parties behind the JV were so eager for their involvement to be kept secret, that they were happy for Mr Varsano to be presented as the face of the business. There is nothing in the JV agreement which leads me to conclude that this would entail the sacrifice to Mr Varsano of any goodwill which would otherwise accrue to the applicant.

55. For completeness, there is debate between the parties as to whether Mr Varsano was CEO of the applicant or not. That may be relevant for other proceedings but it has no relevance here: whether Mr Varsano was CEO or only the General Manager, neither of those roles would typically be perceived by the relevant public as generating personal goodwill for the incumbent; rather, any goodwill would be perceived as accruing to the employer, in this case, the applicant.

55 [REDACTED]

56. Mr Norris also submitted that, as far as the outside world was concerned, JCIL was the entity trading as The Jet Business and that [REDACTED]. He submitted that JCIL was, to potential customers and others in the “commercial chain and network”, the party responsible for the business. He points out that in email correspondence with Mr Ivanov, JCIL uses the marks with the jet tail device.

57. The position regarding JCIL’s relationship with the applicant is not crystal clear. Mr Tritton submitted that it was always the intention that the applicant would own any intellectual property rights, pointing to Mr Firer’s evidence and JCIL’s acknowledgement in the service agreement of the applicant’s IP rights. [REDACTED]

[REDACTED]

58. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

59. Mr Norris pointed out that it is important not to conflate “The Jet Business, the private brokerage business, with the vision of a new showroom”.⁵⁶ I am not persuaded that the relevant public would perceive these as two distinct businesses but even if the showroom and the other services provided by JCIL to the applicant had separate goodwill which accrued to the benefit of JCIL instead of the applicant, I see no reason why it would have accrued to Mr Varsano. Mr Varsano, it is accepted, was the General Manager of JCIL. He was an employee, albeit an important one. Throughout his contract of employment, there are references to the company’s (i.e. JCIL’s) business; he is prohibited from using confidential company information, including contacts, in a way which would harm the business (clause 12). There is no indication anywhere in the contract of employment that Mr Varsano is working on his own behalf, rather than being employed to provide services to JCIL, for the benefit of JCIL’s business, in return for a salary. To suppose otherwise would be contrary to commercial common sense: nothing has been said and no evidence has been provided which would lead me to a different conclusion. Whilst I acknowledge that Mr Varsano’s employment was, in February 2017, transferred to JB Cyprus, the evidence is that the terms and conditions were unchanged and the same therefore applies to Mr Varsano’s employment by JB Cyprus.⁵⁷

60. As there has been a good deal of ink spilt on the issue, I would note that the fact that Mr Varsano’s existing website and the name that he created were used by the applicant does not materially alter the position. By the date of the discussions shown in evidence, the JV agreement had been executed. There is nothing in any of the correspondence to suggest that Mr Varsano offered the use of the name/website in any other capacity than as part of the JV. There is certainly nothing to suggest that it was unreasonable for Mr Firer or the applicant to believe that to be the case; on the contrary, the exchanges in

⁵⁶ Transcript, p. 44.

⁵⁷ Exhibit SV10.

evidence, read in the context of an operative JV agreement, suggest it was entirely reasonable for those on Company A's side of the table to consider that the name and website were offered up for the applicant company in order to put into effect the JV agreement, on the same terms.

Can Mr Varsano rely on goodwill created after 26 June 2017?

61. Mr Varsano's employment with JB Cyprus ceased with its winding-up on 31 August 2017. That is after the date on which the applications were made and the termination of his employment does not, therefore, assist Mr Varsano.

62. It is clear that by the date of the applications, there had been a breakdown in relations.

[REDACTED]

[REDACTED]

[REDACTED].⁵⁸ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. I am not prepared to infer that the customers for either of these two transactions were in the UK on the basis of the evidence before me. Mr Varsano has not established that he made any relevant sales [REDACTED]. Without any relevant goodwill, there can be neither misrepresentation nor damage. His claim of passing off fails accordingly.

63. For completeness, even if Mr Varsano had established that he had some residual goodwill in the UK under the "The Jet Business" sign from the time he traded prior to the JV and/or some UK goodwill created by sales after the JV but before the relevant date, this would not have been sufficient to establish that the applicant's use of the mark at the date of the applications amounted to a misrepresentation. This is because the applicant is entitled to any goodwill under "The Jet Business" created under the JV between 2010

⁵⁸ Ivanov 1, §7.8 and opponent's skeleton, §35.

and 2017. Accordingly, it would not have been a misrepresentation for the applicant to represent itself by that name at the relevant date. In fact, it seems much more likely that it would have been Mr Varsano who was misrepresenting himself as “The Jet Business”.

Section 3(6)

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

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

65. The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch), as follows:

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

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

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. *Case C-259/02 La Mer*

Technology Inc v Laboratoires Goemar SA [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

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

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

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

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

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

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

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

66. In *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07, the CJEU stated that:

"46. [...] 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 a Community trade mark might be to compete unfairly with a competitor who is using the sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

48. That said, it cannot 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.

49. That may in particular be the case [...] where the applicant knows, when filing the application for registration, that a third party, who is a newcomer in the market, is trying to take advantage of that sign by copying its presentation, and the applicant seeks to register the sign with a view to preventing use of that presentation.

50. Moreover [...] the nature of the mark applied for may also be relevant to determining whether the applicant is acting in bad faith. In a case where the sign for which registration is sought consists of the entire shape and presentation of a product, the fact that the applicant is acting in bad faith might more readily be established where the competitor's freedom to choose the shape of a product and its presentation is restricted by technical or commercial factors, so that the trade mark proprietor is able to prevent his competitors not merely from using an identical or similar sign, but also from marketing comparable products.

51. Furthermore, in order to determine whether the applicant is acting in bad faith, consideration may be given to the extent of the reputation enjoyed by the sign at the time when the application for registration as a Community trade mark is filed.

52. The extent of that reputation might justify the applicant's interest in ensuring wider legal protection for his sign".

67. Mr Norris submitted that, by the end of July 2017, Mr Ivanov had become aware that Mr Varsano was trading using the marks. He also submitted that Company A is the sole legal owner of the applicant, despite it holding fifty percent of the shares on trust for Company B. The allegation is that Mr Ivanov acted as if he had sole control of the applicant and that his acts have been designed to exclude Mr Varsano from the management of the applicant. Great weight is placed by Mr Varsano on the alleged

irregularity of the board meeting in September 2017 and it is alleged that Mr Ivanov has disregarded the articles of association of the applicant.

68. Taking the latter point first, it is accepted that Mr Ivanov is a director of the applicant. The articles of association give directors all powers necessary for managing, directing and supervising the business and affairs of the company. These powers as outlined at clause 11.1 are not contingent on a resolution of directors. I was not taken to any particular section in the articles of association which indicates that these powers may only be exercised once there has been a board meeting and resolution. Indeed, it would be the height of impracticality if a board meeting or resolution were required for such everyday activities as paying invoices and managing staff. There is also no evidence that it is a requirement of BVI law that there be a board resolution for a trade mark application. The board meeting of 7 September is after the relevant date and, although it may not be compliant with the articles, I do not consider that this adds to Mr Varsano's case. Evidence from after the relevant date may cast light backwards but the resolutions appear to be concerned solely with protecting the applicant company's business and assets, and the steps necessary to effect that.

69. It seems to me that the filing of the applications was motivated by a desire to protect the position of the applicant and to prevent Mr Varsano or his companies from using or applying for the same marks. Mr Tritton accepted as much. At the time of the applications, the JV had collapsed. It was in all probability apparent to the parties that it could not be resurrected [REDACTED]. I agree with Mr Norris that it is unlikely that the applications were filed to enable the applicant to continue to trade: the combined effects of the parties' behaviour appear to have resulted in a trading stalemate.⁵⁹ However, I do not accept that applying for the marks was an act of bad faith. My view is that the applicant was entitled to apply for protection of the trade marks it had been using (or that JCIL/JB Cyprus had been using

⁵⁹ The pleading under s. 3(6) does not include a claim of no intention to use and that such a claim would need to be distinctly pleaded if it were to be relied upon (Mr Varsano has been professionally represented throughout and there was no application to amend at the hearing).

on its behalf). Whilst I note that the particular circumstances of this case mean that the applicant was unlikely to trade immediately, [REDACTED] and it cannot be ruled out that the applicant would have traded again.⁶⁰ Mr Varsano has not shown that he had the legitimate entitlement to ownership of the goodwill or to trade under the marks on his own account but [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. In my view, all that has been established is that the applicant attempted to increase the legal protections attached to its business in the course of an acrimonious dispute when the JV agreement foundered. The fact that the party with which it is in dispute is the ultimate beneficial owner of one of its shareholders does not alter the position: Mr Varsano has no more entitlement to the marks than Company A. As the legal owner of the business conducted under the marks, the applicant was the entity entitled to apply for the trade marks.

70. Nor do I agree with Mr Norris that this was clearly a case of Company A “trying to ‘grab’ the marks as part of its wider position against [Mr Varsano]”. Company A is not the applicant. Nor is Mr Ivanov. The applications were all made in the name of the JV company itself. Mr Ivanov’s position as a director of the applicant made it his duty to act in the best interests of the applicant. The fact that he is named as representative is not indicative of bad faith, particularly given his position in the company. Mr Varsano was not a director and I do not consider that the fact that he was not consulted about the trade mark applications to be bad faith.

71. I accept that, as Mr Norris submitted, the applicant could sell the marks to any party it wishes. It could. Mr Varsano would no doubt feel aggrieved that his brainchild has been kept from him but as beneficial owner of Company B he would ultimately receive the fruits of such a sale and I do not think that the potential for sale of the marks away from Mr Varsano is sufficient on its own or in combination to establish bad faith.

⁶⁰ Firer, §3.26.

72. The specifications for which registration is sought are reasonably wide-ranging and not all obviously connected with jet brokerage. However, it is clear from the evidence that the servicing companies provided a range of different services. I also note that Mr Varsano's claim to goodwill identified the identical list of services, with the exception of specifying insurance services (which are, however, included within financial services). It is not unreasonable to assume that the parties know their own business and that, as Mr Varsano appears to think that the applicant's list of services is, for the most part, the same range of services which he claims he provided personally for the business, these are also the services which the applicant considers it has offered. In such circumstances, I do not consider that the applications are for overly wide specifications.

Conclusion

73. The oppositions have failed. Subject to appeal, the applications will proceed to registration.

Costs

74. Mr Norris submitted that scale costs would be appropriate. Mr Tritton indicated that, while he considered scale costs might be appropriate, he wished to reserve his position until he had seen my decision. The parties should provide any additional submissions on costs within fourteen days of the date of this decision, upon receipt of which I will issue a supplementary decision on costs. The appeal period will not begin until that supplementary decision is issued.

Dated this 10th day of March 2020

**Heather Harrison
For the Registrar
The Comptroller-General**