

O/0044/23

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NUMBER 3570388
IN THE NAME OF XCLUSIVE CREATIVE GROUP LTD**

FOR A SERIES OF TWO TRADE MARKS

The logo features the word 'XCLUSIVE' in a multi-colored, outlined font where each letter has a different color (X: orange, C: yellow, L: green, U: blue, S: purple, I: pink, V: light blue, E: light green). To the right of 'XCLUSIVE' is the word 'Fans' in a gold, cursive script font.The logo features the word 'XCLUSIVE' in a grey, outlined font where each letter has a different color (X: grey, C: light grey, L: medium grey, U: dark grey, S: very dark grey, I: black, V: dark grey, E: medium grey). To the right of 'XCLUSIVE' is the word 'Fans' in a grey, cursive script font.

IN CLASSES 9, 35, 38, 41 AND 42

AND

**THE OPPOSITION THERETO
UNDER NUMBER 424536 BY
XXXCLUSIVE LIMITED**

Background and pleadings

1. Xclusive Creative Group Ltd (“the applicant”) applied for the series of two trade marks shown on the cover page of this decision (number 3570388) on 21 December 2020 in classes 9, 35, 38, 41 and 42.¹ The application was published on 19 February 2021 and subsequently opposed under section 3(6) of the Trade Marks Act 1994 (“the Act”) by XXXclusive Limited (“the opponent”).

2. The opponent’s claim in its notice of opposition is reproduced below:

“We represent Mr Rhys Sachett and his company XXXclusive Ltd in opposing the application made by Mr Neil Frost and his company Xclusive Creative Group Ltd for the trade mark Xclusive Fans (UK00003570388) and are instructed by our client that:

- Mr Frost was retained by Mr Sachett as an IT consultant to help co-write and launch Mr Sachett’s fitness e-book and to answer technical questions regarding Mr Sachett’s new online business (Xxxclusive) in or around June 2019.
- There was an implied duty of confidence owed by Mr Frost to Mr Sachett not to disclose or use business information for his own purposes. In July 2019, Mr Sachett discussed possible business names/domain names for the proposed business with Mr Frost in confidence and in July 2019 Mr Sachett registered Xxxclusivee.com; in January 2020 he registered Xxxclusive.com.
- Mr Frost was offered a 10% stake in the proposed Xxxclusive company in exchange for his future IT consultant services, which he deemed insufficient.
- The relationship of the parties deteriorated in late 2019 and Mr Frost is no longer a consultant on the Xxxclusive project – after that date Mr Frost has, out of revenge, acted in a dishonest and malicious way, calculated

¹ The full list of goods and services is shown in annex 1 to this decision.

to cause Mr Sachett harm to the business and his reputation, evidenced by matters including but not limited to:

- fabricating a letter from Action Fraud and a complaint to police in January 2020 alleging that Mr Sachett had hacked Mr Frost's personal emails;
- making several threats against Mr Sachett from social media accounts and by text and email;
- in December 2020 (one day before Mr Sachett applied for the UK mark for Xxxclusive), Mr Frost and his company Xclusive Creative Group Ltd filed an application for Xclusive Fans (UK00003570388) in an attempt to devalue Mr Sachett's Xxxclusive project and thwart his trade mark application for Xxxclusive (UK00003571010).
- Mr Frost attempted and ultimately succeeded in threatening Mr Sachett to receive £500 for the transfer of the domain name 'rhyssachett.com', which had been initially purchased by Mr Frost for less than £500 and for the sole reason of marketing and selling the aforementioned fitness e-book; and
- Mr Frost used the aforementioned domain name to post unsavory messages about Mr Sachett, damaging Mr Sachett's brand and image."

3. The applicant filed a defence and counterstatement, denying the opponent's claims. At this point in the proceedings, the applicant was professionally represented. The applicant states that:

- Mr Frost was contracted to ghost-write Mr Sachett's fitness e-book and create a website for the ebook. Mr Frost complied with the terms of that contract.
- It is denied that Mr Frost was or ever had been contracted "as an IT consultant" to Mr Sachett.
- It is denied that Mr Frost was contracted ""to answer technical questions regarding Mr Sachett's new online business (Xxxclusive) in or around June 2019"". Mr Frost was contracted in relation to the ebook and any ""implied duty

of confidence owed by Mr Frost to Mr Sachett” would have related solely to the ebook and the website for the ebook.

- It is denied that Mr Frost acted out of revenge or in a dishonest and malicious way, as alleged. It is denied that Mr Frost fabricated letters from Action Fraud and the police, as alleged.
- It is denied that Mr Frost ever threatened Mr Sachett, as alleged.
- It is denied that Mr Frost filed the contested application to thwart Mr Sachett’s trade mark application; Mr Frost was unaware of it until notified of its existence by the opponent’s lawyers on 22 March 2021. Neither Mr Frost nor the applicant opposed the said trade mark application.

4. The applicant goes on to state:

“In July 2019 Mr Frost advised Mr Sachett that he wished to create an online content platform, and discussed the idea with Mr Sachett. Mr Sachett suggested that Mr Frost should have a 10% stake in the venture, whereas Mr Frost suggested that the project should be an equal split between Mr Frost and Mr Sachett. Mr Sachett expressed no interest in proceeding on the basis of an equal split or at all, and therefore the proposed joint project did not proceed.

The relationship between Mr Frost and Mr Sachett began to deteriorate in August 2019 after Mr Frost advised Mr Sachett that he would proceed with the online content platform project without Mr Sachett.

...

Mr Frost did purchase the domain www.rhyssachett.com, as required for the fitness e-book. That website was sold to Mr Sachett for £500 as part of an agreement to resolve the tensions between the two individuals. It is requested that the Opponent prove the allegations made about any damage to Mr Sachett’s image, and explain what relevance the website www.rhyssahett.com has in the present proceedings.”

5. The opponent changed professional representatives at the commencement of the evidence rounds and is represented by Sonder IP Limited. The opponent filed evidence and written submissions in lieu of attending a hearing. The applicant was not professionally represented after filing its defence and counterstatement. Mr Neil Frost, its director, filed evidence, requested a hearing and attended the hearing by video conference on 4 November 2022.

6. The opponent's evidence comes Rhys Sachett, the opponent's director.² The applicant's evidence comes from Neil Frost.³ I have read all the evidence. As is common with disputes between people who were once friends and/or colleagues, on occasion, emotions have run high. I will draw from the evidence when it has a bearing on my assessment of the ground of opposition as pleaded.

The law

7. 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.”

8. In *Sky Limited & Ors v Skykick, UK Ltd & Ors*, [2021] EWCA Civ 1121 the Court of Appeal considered the case law from *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07 EU:C:2009:361, *Malaysia Dairy Industries Pte. Ltd v Ankenævnetfor Patenter Varemærker* Case C-320/12, EU:C:2013:435, *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ*, Case C-104/18 P, EU:C:2019:724, *Hasbro, Inc. v EUIPO, Kreativni Dogaaji d.o.o. intervening*, Case T-663/19, EU:2021:211, *pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening)*, Case T-136/11, EU:T:2012:689, and *Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc (intervening)*, Case T-507/08, EU:T:2011:46. It summarised the law as follows:

² Witness statement and exhibits dated 12 October 2021.

³ Witness statement dated 25 March 2022.

“67. The following points of relevance to this case can be gleaned from these CJEU authorities:

1. The allegation that a trade mark has been applied for in bad faith is one of the absolute grounds for invalidity of an EU trade mark which can be relied on before the EUIPO or by means of a counterclaim in infringement proceedings: *Lindt* at [34].

2. Bad faith is an autonomous concept of EU trade mark law which must be given a uniform interpretation in the EU: *Malaysia Dairy Industries* at [29].

3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: *Lindt* at [45]; *Koton Mağazacılık* at [45].

4. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].

5. The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].

6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan* at [21] and [40].

7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].

8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].

9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].

10. Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].

11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Mağazacılık* at [46].

12. It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign: *Lindt* at [51] to [52].

13. Bad faith cannot be established solely on the basis of the size of the list of goods and services in the application for registration: *Psytech* at [88], *Pelikan* at [54]".

9. It is necessary to ascertain what the applicant knew at the relevant date: *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch). Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others*, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16).

10. The relevant date is 21 December 2020, the filing date for the trade mark application. I must decide what the applicant knew at that date and then decide whether filing the application fell short of acceptable commercial behaviour and was, therefore, an application made in bad faith.

The opponent's evidence

11. Mr Sachett states that he approached Mr Frost in June 2019 to assist with the design and structure of his website rhyssachett.com and the production of his e-book called LEAN & CLEAN. Exhibit RS2 comprises a copy of an agreement between Messrs Sachett and Frost, signed on 18 June 2019. Mr Sachett is defined as the "Client" and Mr Frost as the "Designer". I note that the project description was defined as "Re-design and structure a new website presence for www.Rhyssachett.com" and "Design, Write and Produce a new eBook, both written by (Designer) and in some cases the (Client)." Mr Sachett draws particular attention to clauses 6 and 7:

"6. Confidentiality. During the course of this Agreement, it may be necessary for Client to share proprietary information, including trade secrets, industry knowledge, and other confidential information, to Designer in order for Designer to complete the Website in its final form. Designer will not share any of this proprietary information at any time, even after the Agreement is fulfilled. Designer also will not use any of this proprietary information for his/her personal benefit at any time, even after the Agreement is fulfilled.

7. Ownership rights. Client continues to own any and all proprietary information it shares with Designer during the terms of this Agreement **for the purposes**

of the Project. Designer has no rights in this proprietary information and may not use it except to complete the Project. Upon completion of the Agreement, Client will own the website design.

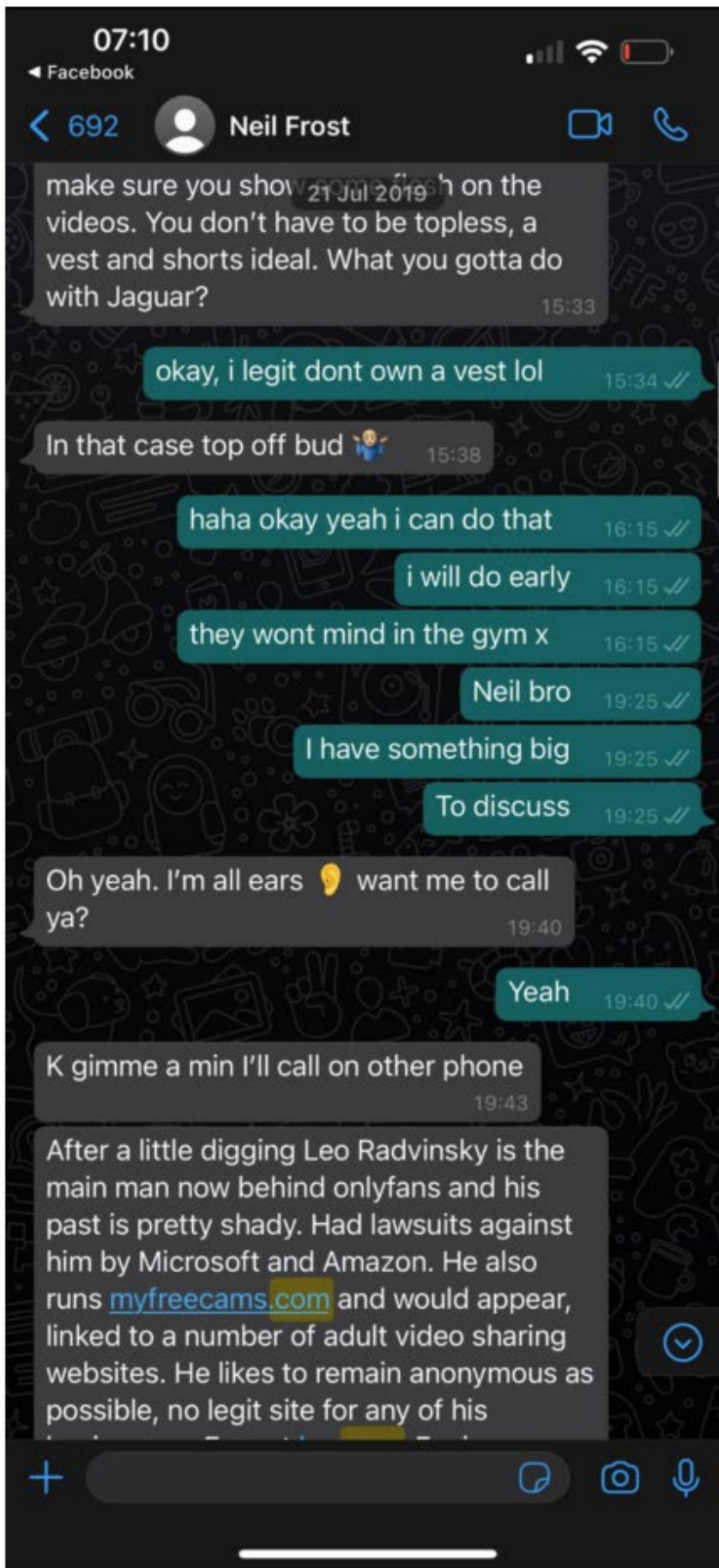
While Designer will customise Client's Website to Client's specifications, Client recognises that websites generally have a common structure and basis. Designer continues to own any and all template designs it may have created prior to this Agreement. Designer will further own any template designs it may create as a result of this Agreement.

Designer will upon completion of final draft of eBook copyright the work under Designers Name (Neil Frost) with the authoritative body that covers the further use of the eBook should a dispute between the parties arise."

12. Mr Sachett states:

"8. During the course of the Agreement, and whilst actively working on the Project together, I discussed a supplementary Project with Mr Frost. I was of the belief that any discussions between us were protected by the confidentiality and ownership provisions set out in the Agreement, given our ongoing commercial relationship under the Agreement, and given that our discussions on the supplementary Project were fully intertwined with our discussions on the Project as originally covered by the Agreement."

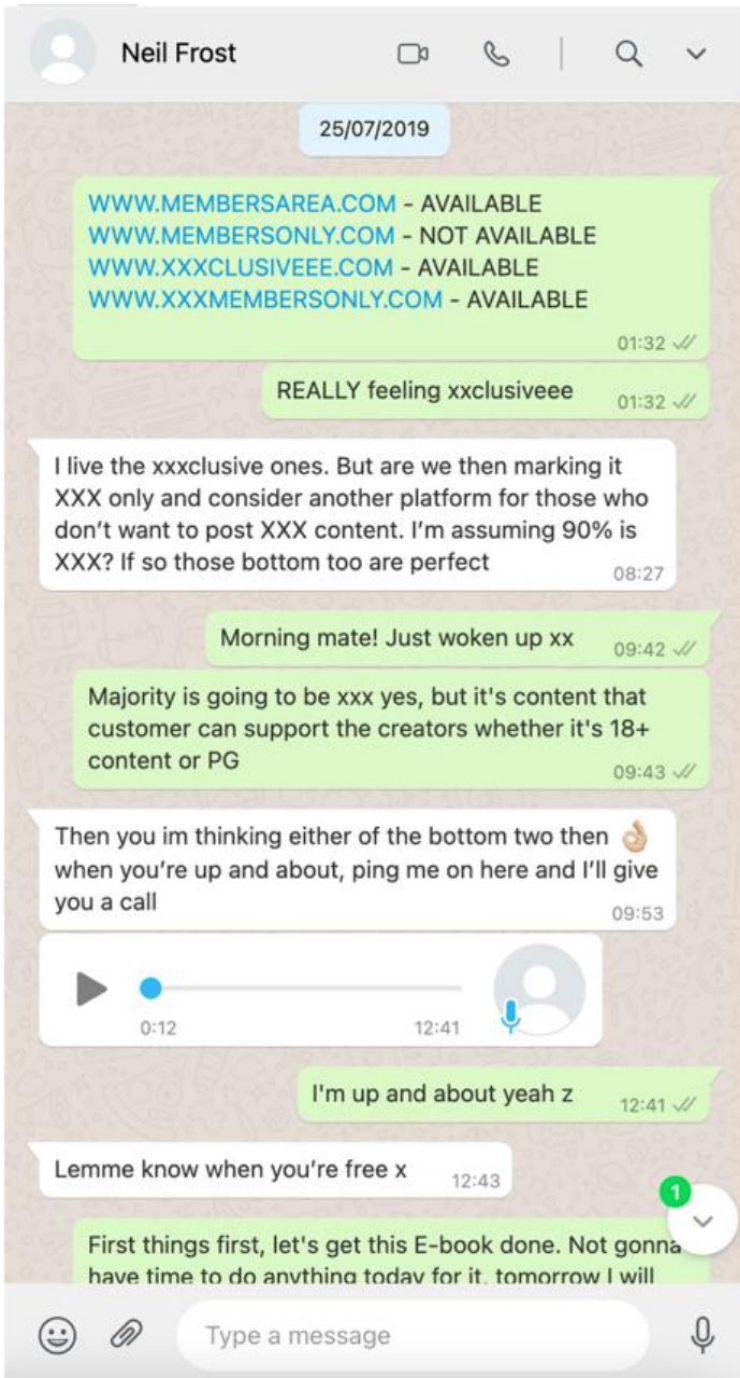
13. Mr Sachett exhibits a number of screen shots of text conversations which took place between him and Mr Frost. Exhibit RS5 comprises a screenshot which shows an extract of a text conversation on 21 July 2019 in which Mr Sachett said to Mr Frost that he had "something big to discuss":

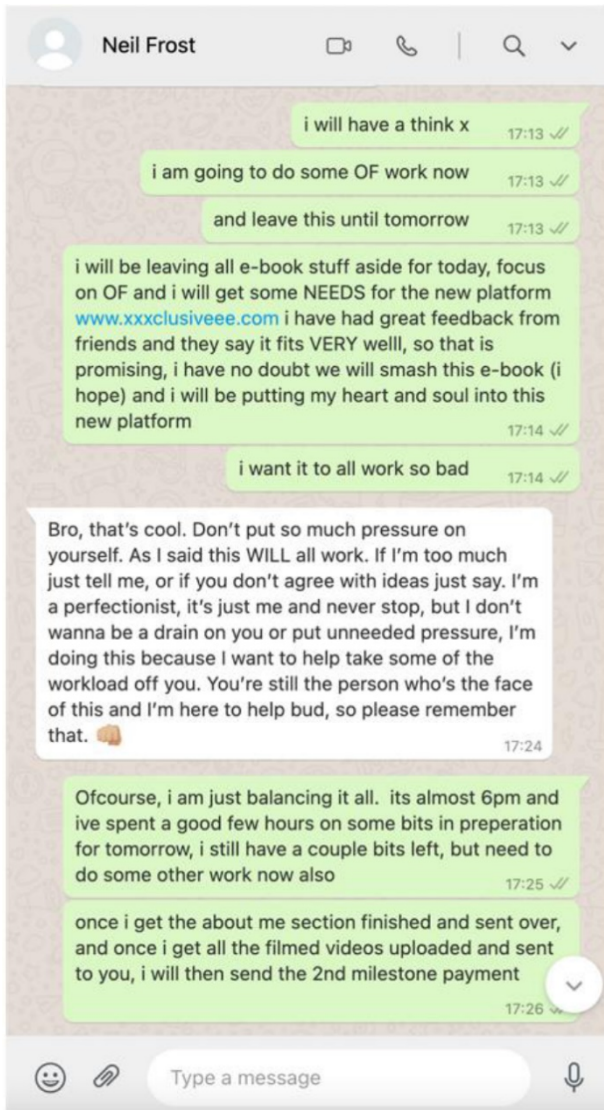


14. The two men agreed to speak on the phone. The last message in the screenshot is only partially shown and appears to be Mr Frost telling Mr Sachett about an individual said to be behind “onlyfans” and a number of adult video sharing websites. It is not possible to see what time this message was sent and as it does not seem to follow the other messages in the screenshot, my assumption is that it was sent after the two men had spoken to each other verbally. Mr Sachett states that during the call they discussed Mr Sachett’s “idea for launching a social platform that encourages creators from diverse backgrounds to join and build genuine relationships in their online space...”. He calls this the “supplementary project”. Mr Sachett states:

“For the avoidance of doubt, I engaged Mr. Frost for assistance with developing the supplementary Project in the same manner as I had approached him for assistance with the original Project. I did not engage Mr. Frost as a joint owner on either the original Project or the supplementary Project.”

15. Exhibit RS6 comprises screenshots of text conversations on 25 July 2019. The green messages are Mr Sachett’s and the white messages are Mr Frost’s:

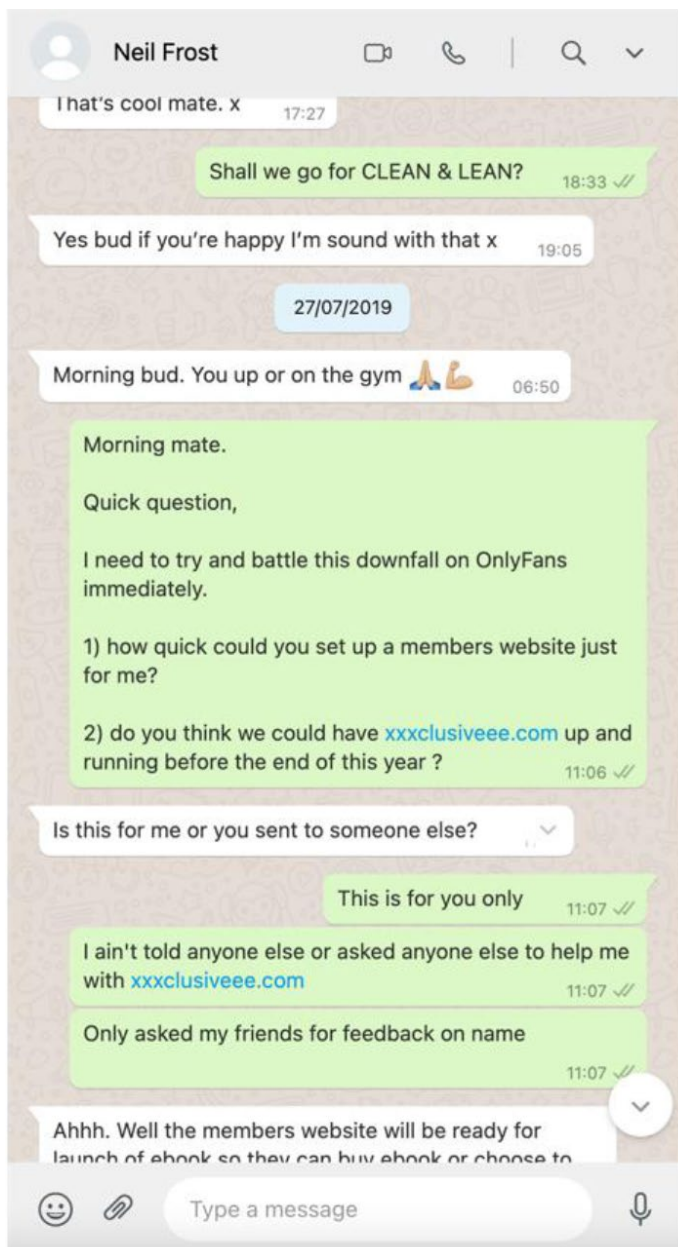




16. Mr Sachett states that the references to the original project and the supplementary project shows that the two were intertwined in the texts and:

“I was operating under the understanding that all discussions were covered by the Agreement. It therefore goes without saying that I believed any discussion surrounding the supplementary Project, and the name of the supplementary Project, was covered by the confidentiality and ownership position set out in the Agreement, namely, that the intellectual property and the name XXXCLUSIVE belonged to me, and that Mr. Frost was bound by confidentiality.”

17. Two days later, a further text conversation took place (Exhibit RS7):



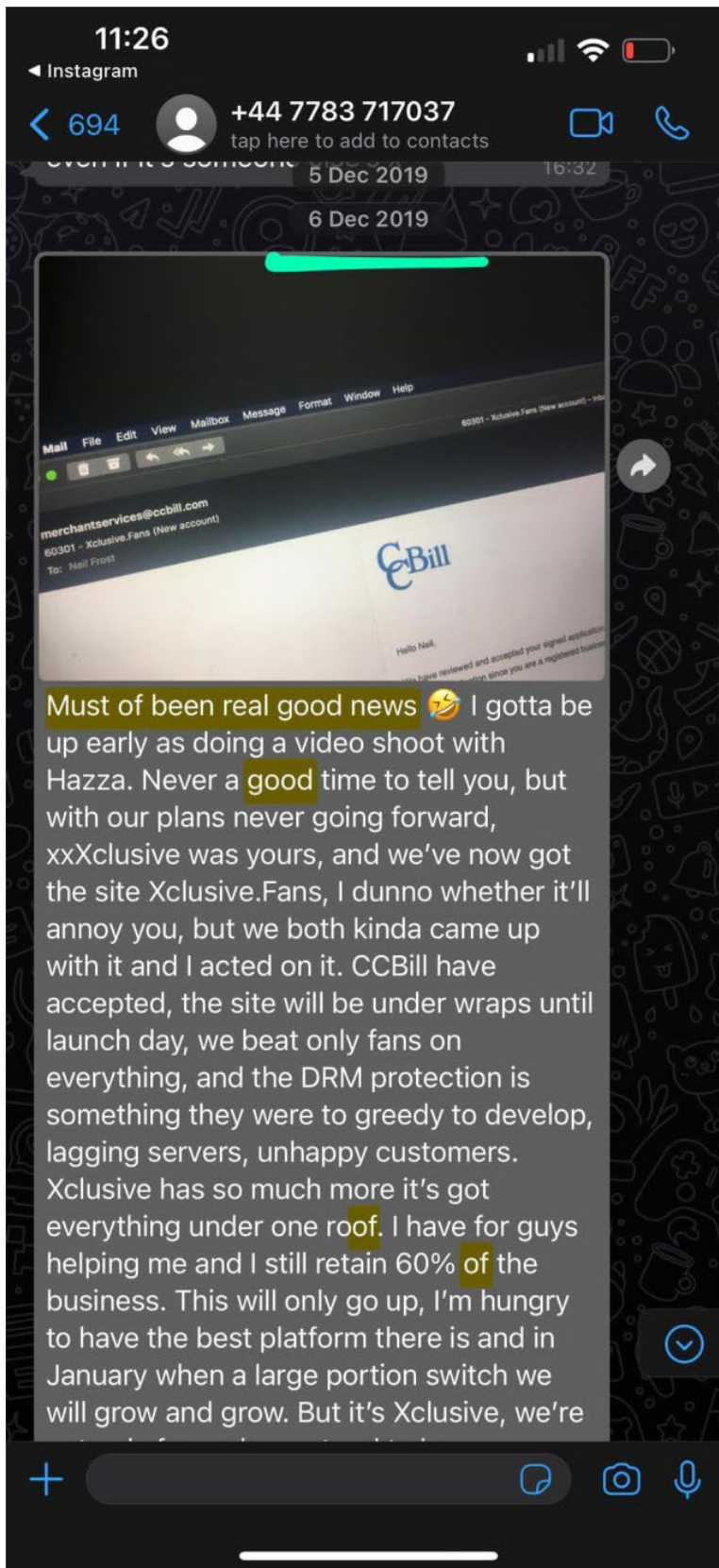
18. Mr Sachett states that this shows that he believed that they were operating under the confidentiality terms contained in the Agreement.

19. Mr Sachett registered the domain names xxxclusive.com and xxxclusive.co.uk on 25 July 2019.⁴ Subsequently, Mr Sachett decided to drop the multiple 'eee', so that the name was XXXCLUSIVE. He states that Mr Frost was aware of this. Mr Sachett states that their commercial relationship deteriorated and then

⁴ Exhibit RS8.

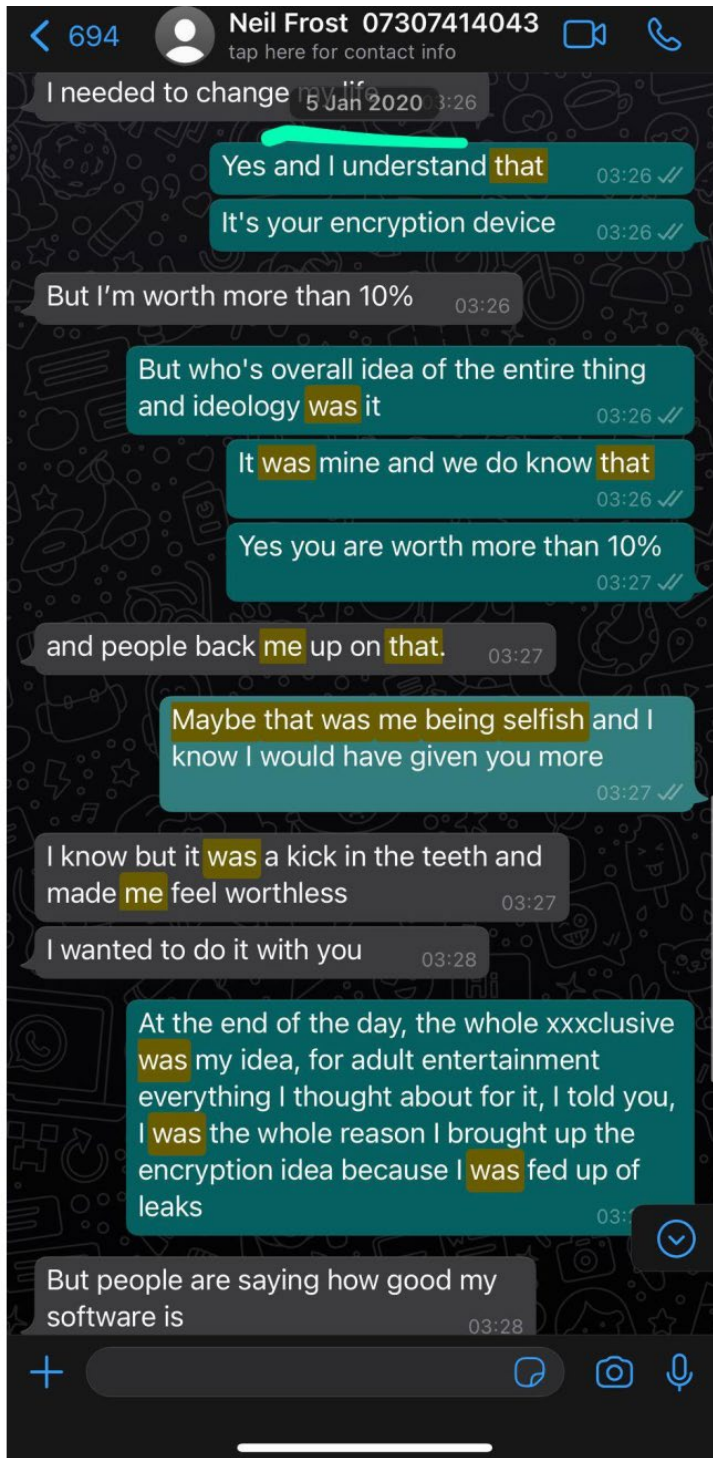
ended because of numerous differences in opinion. He states that it was a huge shock to receive the following message from Mr Frost on 6 December 2019:⁵

⁵ Exhibit RS9.

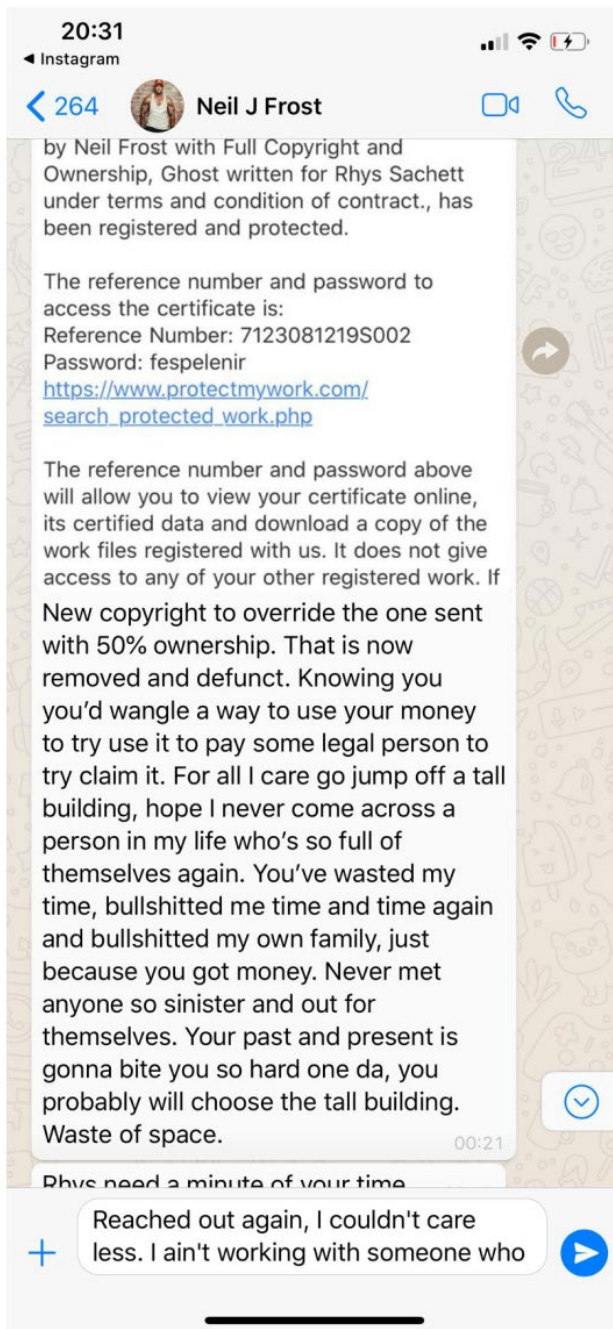


20. Not all of the message is shown. Mr Sachett states that Mr Frost's claim that "we both kinda came up with it" is incorrect and that "I dunno whether it'll annoy you" demonstrates that Mr Frost was aware that his actions were contrary to the

Agreement, whether written or implied. Mr Sachett states that the following text exchange dated 5 January 2020 (Exhibit RS10) shows that he objects to Mr Frost's adoption of the contested mark and the identical business model and "that the IP was mine":



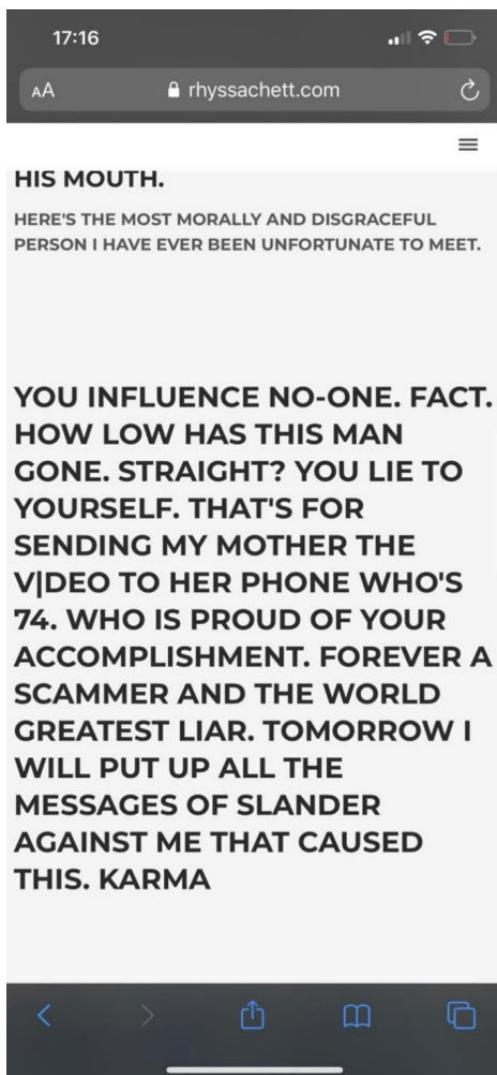
21. Mr Sachett states that he continued independently with preparations for the launch of XXXCLUSIVE, securing the relevant domain name on 29 January 2020.⁶ He states that he continued to have discussions with Mr Frost to attempt to resolve the dispute. Mr Sachett states that Mr Frost was unwilling to have any meaningful conversations. Mr Sachett points to Exhibit RS12, which he states is a text message from Mr Frost in which Mr Frost had altered the copyright ownership of the ebook so that Mr Frost had full ownership, instead of the agreed joint ownership:



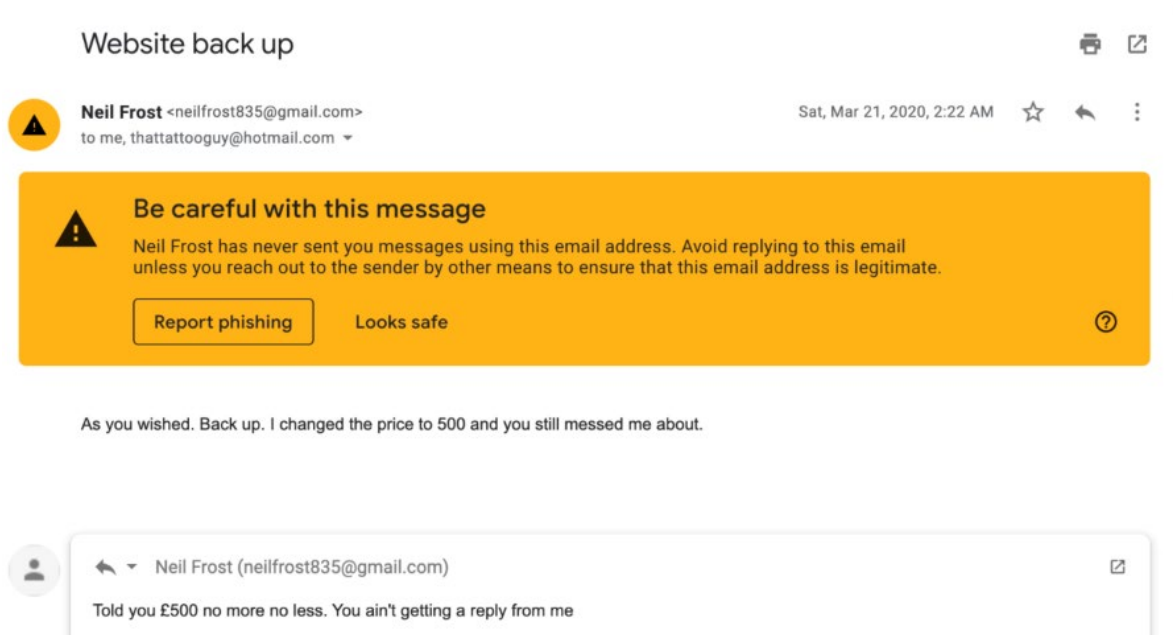
⁶ Exhibit RS11.

22. At the hearing, Mr Frost said that various parts of Mr Sachett's WhatsApp evidence had been edited and that this particular exhibit had been manipulated. He pointed to the different fonts and incomplete sentences which he said had been copied and pasted. Mr Frost told me that he did not write the message. I will return to this point later in my decision.

23. Mr Sachett states that, as per the agreement, Mr Frost had registered the domain name ryssachett.com but that, unbeknownst to him, Mr Frost had registered the domain name to his own name. Mr Sachett states that the domain name contained his own personal name and was intended to be registered in his name, not to Mr Frost. Mr Sachett states that Mr Frost also registered rhyssachett.co.uk which diverted to rhyssachett.com. He states that after the relationship broke down, Mr Frost used the domain to post demeaning and harmful messages, such as the following undated screenshot (Exhibit RS13):



24. On 13 March 2020, Mr Sachett messaged Mr Frost to ask the latter to accept his bid for the two domain names.⁷ He states that Mr Frost chose instead to offer rhyssachett.co.uk for public sale “at a hugely inflated price” of US\$2000.⁸ Mr Sachett explains that Exhibit RS16 shows a text from Mr Frost on 20 March 2020 in which Mr Frost is demanding payment for the domain name rhyssachett.com, followed by an email on 21 March 2020:



25. Mr Sachett states that this email refers to the harmful content that Mr Frost had created on rhyssachett.com and that Mr Frost was confirming that he had put the harmful content back online and would leave it there until Mr Sachett had paid for the transfer of the domain name. Mr Sachett paid the £500 on 22 March 2020.⁹

26. Mr Sachett states that he believed that the situation had been resolved and he continued his preparations for XXXCLUSIVE, including the website xxxclusive.com. Exhibit RS18 comprises an undated screenshot of the holding page of that website:

⁷ Exhibit RS14.

⁸ Exhibit RS15.

⁹ Exhibit RS17.



27. Mr Sachett states that he started use of the Twitter account @xxxclusive3 in July 2020 and since that date has gained over 2500 followers (Exhibit RS19):



28. Mr Sachett states that his preparations included registering the opponent's company name on 13 June 2020, and applying for the trade mark XXXCLUSIVE on 27 December 2020. Exhibit RS21 comprises part of a screenshot of Mr Frost's use of the Twitter handle @XclusiveFans in October 2020:¹⁰



The applicant's evidence

29. Mr Frost's evidence consists solely of a witness statement, without exhibits. At the hearing, Mr Frost referred to the criminal standard of proof, rather than the civil standard, which is on the balance of probabilities. He told me that he has ADHD and that, with hindsight, he would have provided better evidence. This was in response to an explanation from me that Mr Frost could not refer to facts which did not already appear in the evidence filed by either party. I note that Mr Frost states at paragraphs 3(a) and 12 of his witness statement:

"I have made a conscious decision to retract my original Witness Statement and Exhibit defence, originally spread across six PDF documents and one-hundred-and-twenty-five pages. It has now been filtered down after the email response received by Ms. Scott on Tuesday, 22 March, 2022. I duly apologise for the

¹⁰ I have removed the images at the bottom of the screenshot. The content is not necessary for this decision.

incorrect method in which I sort [sic] to place a new email address for correspondence between both parties, which was wrongly submitted. Ms. Scott's email further made note that I am to provide a defence statement and exhibits, purely on the allegations of "bad faith" that have been alleged by Mr. Sachett, therefore, any accusations or assumptions of wrongdoing by Mr. Sachett, do not form part of this submission.

...

12. I have chosen that my mental health and the health of my mother and father is more valuable in life than money or gain. I have never set out to cause damage to anyone with intention. Respectfully, Mr. Sachett and Mr. Gibson, this fight I have tried to reason with you so many times for the sake of others who have been devastated by your actions. I had put together a 125 page document, spread over six PDF files, to then revisit it today that all it would cause is further damage and in sending that document it would have lowered me to that of an unreasonable man and unreasonable business conduct."

30. 'Ms. Scott' is the name of the casework examiner in the Intellectual Property Office's Tribunal Services who was responsible for the administration of the proceedings. Ms Scott did not send a letter or email on 22 March 2022, but she did send one on 23 March 2022, as follows:

Dear Neil Frost,

I refer to your email dated 17 March 2022. It is noted that your email was sent directly to the Hearing Officer.

Please do not send any further correspondence to the Hearing officer. The Hearing Officer is a senior official of the Tribunal responsible for conducting hearings and making decisions on proceedings pending before the IPO, the parties should not attempt to engage in direct correspondence with the hearing Officer. All correspondence regarding proceedings should be sent to: tribunalsection@ipo.gov.uk

Request for confidentiality

If you wish to keep the address of the witness confidential two versions will need to be provided. One witness statement can be redacted for the public file and the other containing the contact details will be kept confidential.

Please note if you are concerned also about the content of the witness statement the Registry would first need to view and consider the content in order to assess whether confidentiality is appropriate. To clarify confidentiality cannot be granted until an assessment is made as to whether there is sensitive information therein.

You are also reminded that the purpose of your evidence is to refute the claim that you applied for the Trade Mark in bad faith, therefore the relevant date for the assessment is the date on which you applied for the Trade Mark and events prior to that.

31. The casework examiner's letter followed my own letter of a few days before, dated 17 March 2022, the day after I had held a case management conference ("CMC"). The reference by the casework examiner to the relevant date was because Mr Frost had sent in correspondence, also on 17 March 2022, about hacking of his computer files, which had all taken place after the relevant date. It was a reminder that his evidence should address events prior to and on the relevant date. My letter of 17 March 2022 said (footnote omitted):

"I refer to yesterday's case management conference ("CMC") which took place by telephone in order to discuss the opponent's objection to the Intellectual Property Office's ("IPO") preliminary view to allow the applicant's retrospective extension of time request of 7 February 2022. Time had been allowed for the applicant to file its evidence by 4 March 2022.

Mr Frost, who owns the applicant, explained that he has encountered numerous problems with filing the applicant's evidence, which was first due on 13 December 2021, owing to cyber attacks. Mr Frost informed me that the latest of these occurred on the day on which the applicant's evidence was due, 4

March 2022, and he was unable to file it. He said that he has engaged a company which specialises in data recovery, "Lazarus", which has recovered data which has been put into six PDF documents. Mr Frost said that he had spoken to the police the day before the CMC.

This is an emotional and contentious bad faith case. It is preferable that the hearing officer making the final decision in the substantive case sees a complete evidential picture. However, matters cannot be allowed to drag on indefinitely; what the applicant perceives to be unfairness because it has not yet been able to file evidence and have it considered by the Tribunal, then becomes unfair to the opponent which has no way of knowing when the proceedings will be determined. The applicant has now had five months to file its evidence. Parties are allowed two months to file evidence. It appears from correspondence that the applicant's evidence had been ready to file on 1 February 2022 when Mr Frost encountered issues with sending documents of a particular size to the IPO.

Mr Frost informed me that "Lazarus" expects to have retrieved all the applicant's evidence by the beginning of next week, at the latest. I will therefore allow the retrospective extension and will allow the applicant until the end of Friday 25 March 2022 to file its evidence. This must amount to **no more than three hundred pages**, must be paginated, and must be in correct evidential form, as stipulated in the IPO's letter of 13 October 2021. The applicant should not wait until 25 March 2022 to file its evidence once it is ready; especially given the frequency with which its IT is the subject of cyber attacks.

I confirmed to Ms Nicholls, for the opponent, that none of the attachments or the applicant's correspondence and the extension of time request forms constitute evidence, and therefore the opponent does not need to reply to any of it. The applicant has, to date, filed no evidence in these proceedings.

Finally, I impress upon the applicant once again that it must copy to the opponent all communications which it sends to the IPO. Continued failure to observe this requirement is likely to result in an adverse cost award. I also

encourage the parties to explore resolution of their dispute by mediation; details about mediation are given in the IPO's letter of 11 June 2021."

32. I consider this to be the background to Mr Frost's statement regarding the retraction of the evidence he planned to file.

33. Mr Frost's witness statement comprises seven pages of his narrative account of his working relationship with Mr Sachett and its subsequent deterioration. Mr Frost gives some details about his career history. He describes himself as a self-author, co-author and ghost-writer since 2007 and states that he has created and produced websites, ebooks, 'visuals' and 'other creative design works' since 2006. He wrote and published two books in 2007 and 2010; respectively, "ABS for LIFE" and "Bollywood Abs". In 2016, Mr Frost collaborated with a fitness and fashion influencer and together they produced an ebook and website. The profits were split 60% to the influencer and 40% to Mr Frost. The pair went on to produce three more ebooks, working together until early 2020. At this point, Mr Frost states he told the influencer that he was taking up his own position with the applicant and that he couldn't afford the time to do both; Mr Frost states that as "an act of good faith", he handed all rights to the influencer. Although Mr Frost and the influencer have remained friends, Mr Frost states that the actions of Mr Sachett have put a strain on the friendship. He states that the influencer told him to "walk away" the day Mr Sachett decided to use social media to publicly humiliate Mr Frost to 100,000 followers on Mr Sachett's Instagram account. There is no exhibit regarding this, although Mr Frost does say at paragraph 4 of his statement that he has not had access to his Instagram, Facebook or Twitter accounts for over a year.

34. Mr Frost states that he has always ensured that he protects his work, whether it is his own work or work which he has created for others, using The Copyright Index.

35. Mr Frost states that in May 2019 he noticed a 'like' on Instagram of a photo of his work with the influencer. The 'like' was by the username @sachettrhys, which he states belongs to Mr Sachett. Mr Frost looked at Mr Sachett's account and noticed that they had friends in common. He liked the content of Mr Sachett's account and what it said about fitness and mental health. Mr Frost states that he was dealing with

his own mental health issues at this time. He was of the opinion that, as with the influencer, there was potential for Mr Sachett to be “the face and person to front a book” which he had already begun writing regarding how fitness and nutrition helps mental health. Mr Frost denies Mr Sachett’s statement that Mr Sachett approached Mr Frost in June 2019 to assist with the ebook and website design. Mr Frost states:

“I explicitly deny this accusation. I would kindly request Mr. Sachett to prove this allegation. In May, 2019 it was myself who made first contact with Mr. Sachett. I emailed Mr. Sachett after viewing his Instagram page...”.

36. Mr Frost states that he asked Mr Sachett if he would be interested in an ebook and a website for selling the ebook. He states that Mr Sachett responded with a long email about this being a great opportunity and that he had bought the ebook LEAN 365 which Mr Frost had ghost written for the influencer. The two men exchanged telephone numbers.

37. Mr Frost states that in November 2019 he was suspicious that Mr Sachett was using various platform accounts, which both men shared, to gain access to his computer and data. Mr Frost states that after the initial attack on him which was posted by Mr Sachett on his Instagram account, Mr Frost ‘changed the contract’ to protect the work he had spent many hours upon. He states that the contract (the agreement in Mr Sachett’s evidence) was specifically and only for the website and ebook. Mr Frost states that it was not for any other project or any supplementary project.

38. Mr Frost states that in September and October 2019, he visited Mr Sachett:

“It was also at that time when Mr. Sachett who has rightly informed the Registry in his Witness Statement regarding he wanted my input and ideas, and essentially me to help build this platform, which he was considering as a different project of his own and asked me for a huge involvement in it. I jumped at the chance, I had absolutely no reservation in wanting to do this. I even began working on a Business Plan and model which I emailed to Mr. Sachett within days. Please correct me if I am wrong Mr. Sachett, but we came up with

a number of viable domain names, how we could work together on this platform, in whatever capacity I could.”

39. However, Mr Frost states that the more enthusiastic he became, the less interest Mr Sachett showed. He states that he asked him where he stood with the project; they had purchased domain names, Mr Sachett ‘loved’ Mr Frost’s business plan “and then it went silent”:

“(10(d)) I just couldn’t understand why he had given me such hope about my future, to finally have something to set me on a path of hope, grounding and something to be happy about, for him to go silent.

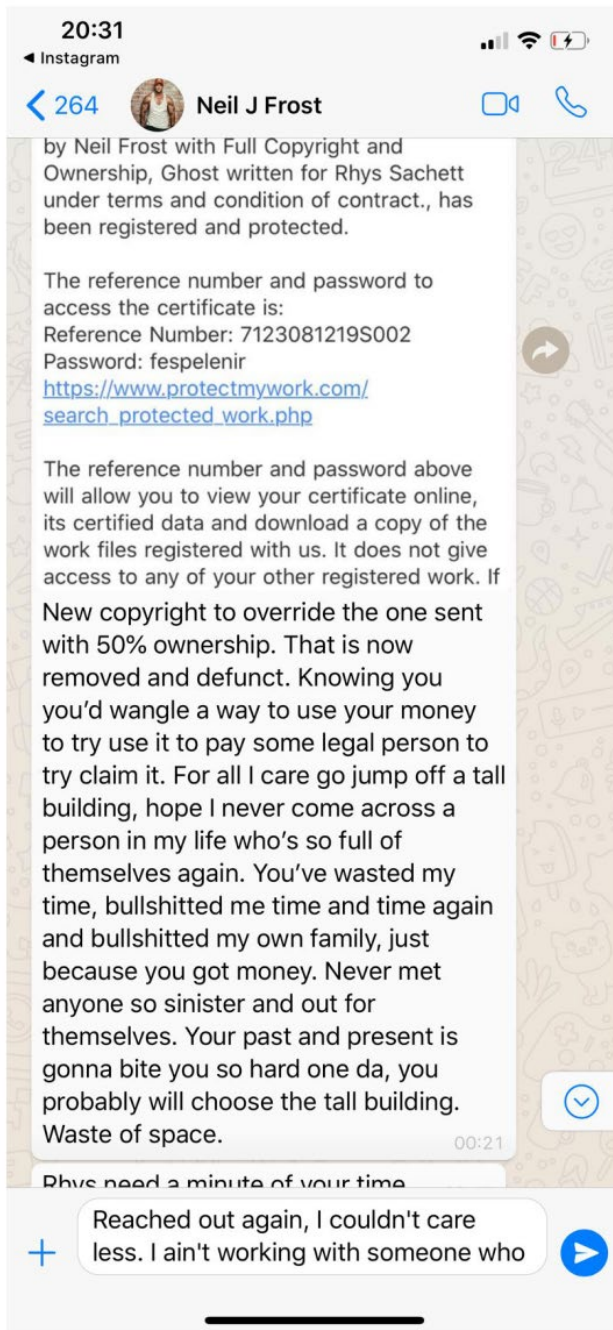
e. I waited, I asked, I waited and then asked again and put it clearly and concisely, do you want to go ahead or not, because I genuinely wanted to go ahead if he didn’t. I had the experience and knowledge to build platforms and this was not a job for one person, it needed a team and I expressed this to him. His answer was no, he wished me the best of luck with it and said he would do his own platform. He further suggested that he intended to go down a different route.

f. On that basis I went ahead, I continued to ask Mr. Sachett time and time again if he still wanted to do this. But he resolutely said no. He wished me the best, but said to never bring it up again. We continued with our eBook, I worked through Christmas without seeing any of my family to be given this message by Mr. Sachett.”

Decision

40. An allegation of bad faith is a serious allegation which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability). It is not enough to establish facts which are as consistent with good faith as bad faith: *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch).

41. I have referred earlier to Mr Frost's submission at the hearing that the opponent's WhatsApp evidence has been edited and that one exhibit in particular, RS12, was manipulated and that Mr Frost had not sent the text:



42. I am reminded of the observations of Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in *Oovee Ltd v Saber Interactive Inc.*, BL O/327/22, which was also a case involving section 3(6) of the Act:

“94. As too often happens in Registry proceedings involving allegations of bad faith filing, neither side attempted to test the reliability of the other side’s account of events by way of cross-examination or by means of any application for disclosure. Their written and oral submissions required the Hearing Officer to assess the correctness of their respective positions in the light of the witness statements and exhibits they had provided. That involved an acceptance on their part that the Hearing Officer was entitled to consider whether or how far the evidence presented on one side of the case had in significant respects been disproved or displaced or outweighed by evidence presented on the other side of the case: Williams v Canaries Seaschool SLU (CLUB SAIL Trade Marks) [2010] RPC 32; BL O/074/10; at paragraphs [37] to [41].

...

105. The methodology envisaged by the CJEU case law relating to objective assessment of subjective intention does not permit or require wholesale departure from: “The basic principle ... that, until there has been ... cross-examination, it is ordinarily not possible for the court to disbelieve the word of the witness in his affidavit and it will not do so. This is not an inflexible principle: it may in certain circumstances be open to the court to reject an untested piece of such evidence on the basis that it is manifestly incredible, either because it is inherently so or because it is shown to be so by other facts that are admitted or by reliable documents. ... these principles apply equally to the case in which the evidence is given by witness statement rather than by affidavit ...”: Coyne v DRC Distribution Ltd [2008] EWCA Civ 488 at paragraph [58] (per Rimer LJ, with whom Ward and Jacob L.JJ agreed); “The general rule is that the evidence of a witness is accepted unless ... there is undisputed objective evidence inconsistent with that of the witness that cannot sensibly be explained away so that the witness’s testimony is manifestly wrong”: R (on the application of the Good Law Project) v Minister for the Cabinet Office [2022] EWCA Civ 21 at paragraph [86] (Lord Burnett of Maldon LCJ, Coulson and Carr L.JJ).

43. Mr Frost raised this for the first time at the hearing, a hearing which neither the opponent or its representative attended. Mr Frost did not address the alleged

manipulation in his evidence, having already seen Mr Sachett's witness statement and the exhibits, including Exhibit RS12. Neither party requested to cross-examine the other. Tribunal Practice Notice 5/2007 deals with challenges to evidence and states:

"1. The purpose of this Tribunal Practice Notice is to set out procedures for parties to challenge factual evidence filed by the other side in inter partes disputes. It is normally unacceptable for parties to invite a Hearing Officer to disbelieve the factual evidence of a witness without that witness having had the opportunity to respond to the challenge either by filing further written evidence or by answering the challenge that his or her evidence is untrue in cross-examination. The tactic of raising such challenges without notice at oral hearings has drawn the following comment from Richard Arnold Q.C. as the Appointed Person in *EXTREME Trade Mark* BL O/161/07).

"Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence.

Despite this, it is not an uncommon experience to find parties in registry hearings making submissions about such unchallenged evidence which amount to cross-examination of the witness in his absence and an invitation to the hearing officer to disbelieve or discount his evidence. There have been a number of cases in which appeals have been allowed against the decisions of hearing officers who have accepted such submissions. Two recent examples where this appears to have happened which were cited by counsel for the proprietor are *Score Draw Ltd v Finch* [2007] EWHC 462 (Ch), [2007] BusLR 864 and *EINSTEIN Trade Mark* (O/068/07). Another recent example is *Scholl Ltd's Application* (O/199/06). I consider that hearing officers should

guard themselves against being beguiled by such submissions (which is not, of course, to say that they should assess evidence uncritically)."

Where prior notice or cross-examination is necessary before a witness can be disbelieved

2. Invitations to disbelieve a witness's evidence arise in the context of factual statements such as "the mark was used in this form by placing it in the window of shop A in relation to goods B at location C between the dates D and E." However, statements of fact can take other forms. For example, in the context of an allegation of bad faith, what one witness says he told another is a statement of fact. If the evidence consists, as it should, of fact, then the party wishing to have it disbelieved must raise the issue in a way that permits the witness to answer the criticism that his or her evidence is untrue. This can be done by filing written submissions stating why the witness should not be believed in a time frame which gives the witness an opportunity to supplement his or her evidence (if he wishes) before the matter falls to be decided.

3. Normally, this will mean the opposing party making written observations within the period allowed for the filing of its evidence in response to the witness's evidence explaining why the witness should not be believed. Alternatively, the opposing party can file factual evidence in reply of its own which shows why the evidence in question should not be believed. In the further alternative, the opposing party can ask to cross-examine the witness in question at a hearing.

4. However, requesting cross-examination may be disproportionate and unnecessarily costly and burdensome, since in trade mark proceedings the evidence stages are sequential, providing opportunities to deal with points during the proceedings (see the comments of Richard Arnold QC, as the Appointed Person, in *BRUTT Trade Marks* [2007] RPC 19). Indeed, cross-examination may not be permitted if the truth or otherwise of the challenged statement manifestly has no bearing on the outcome of the case. Written submissions, or evidence which contradicts the witness's evidence, are

therefore likely to be the most satisfactory ways to dispute the factual evidence of the other side in the majority of cases.

Where prior notice or cross-examination is not a pre-requisite for an invitation to a Hearing Officer to treat a witness's evidence as untrue

5. Factual evidence which is obviously incredible can be challenged on the basis that it is untrue whether or not the witness has been cross examined or given prior notice of the challenge to the truth of his or her evidence.”

44. Mr Frost’s allegation that Exhibit RS12 had been manipulated and that he had not sent the message should have been raised in his own evidence in order that the opponent could have chosen to respond to the challenge by filing evidence in reply. It did not have that opportunity and was not present at the hearing when the matter was raised for the first time. This is unfair. If I were to take on board Mr Frost’s allegation, it would cast doubt upon the probity and weight of the opponent’s evidence without it ever being on notice that this was a possibility. Moreover, this exhibit refers to Mr Frost re-assigning the copyright of the ebook wholly to himself from the original 50-50 split. Mr Frost has himself stated that he did this: he states that he altered the agreement/contract to protect the work he had done when the relationship deteriorated.

45. The caselaw referred to earlier in this decision shows that the initial evidential burden falls upon the opponent: it must present evidence from which a rebuttable presumption of lack of good faith can be drawn. If it does that, then the burden shifts to the applicant/Mr Frost to rebut the allegation.¹¹ The opponent’s evidence shows that the two men had a discussion on 21 July 2019 and that the discussion was about Mr Sachett’s idea for a new website. That can be seen in the text message reproduced at paragraph 13 of this decision where it is Mr Sachett who says to Mr Frost that he has something big to discuss. Following a telephone call, it can be seen that the website idea is about adult video sharing. Four days later, on 25 July 2019, Mr Sachett

¹¹ As Professor Ruth Annand, sitting as the Appointed Person, held in *Joseph Yu v Liaoning Light Industrial Products Import And Export Corporation*, BL O/013/05, stated “22. [A] claim of bad faith is not avoided by making an application in the name of an entity that is owned or otherwise controlled by the person behind the application.”

texted Mr Frost with four possible website names and says that xxxclusiveeee was his favourite. Further discussions result in Mr Sachett deciding to drop the triple eee, so that the proposed website name is xxxclusive. This is similar to a dominant part of the contested trade mark, Xclusive, the application for which covers goods and services which relate to websites and social media. Whether or not the idea was covered by the original agreement, the opponent's evidence shows that this was Mr Sachett's idea. The opponent has raised a rebuttable case that the mark was applied for in bad faith.

46. Mr Frost was aware that the name had been altered to XXXCLUSIVE from XXXCLUSIVEEEE because in his text message of 6 December 2019, shown at paragraph 19 of this decision, he says "xxXclusive was yours, and we've now got the site Xclusive Fans." This is a clear statement from Mr Frost that he knew that the xxxclusiveeee/xxxclusive name and website was Mr Sachett's idea. This is consistent with what Mr Sachett says in his text of 27 July 2019 in response to a question from Mr Frost as to whether the text was meant for someone else:

Mr Sachett: "I ain't told anyone else or asked anyone else to help me with xxxclusiveeee.com".

47. The text message from Mr Frost dated 6 December 2019 says:

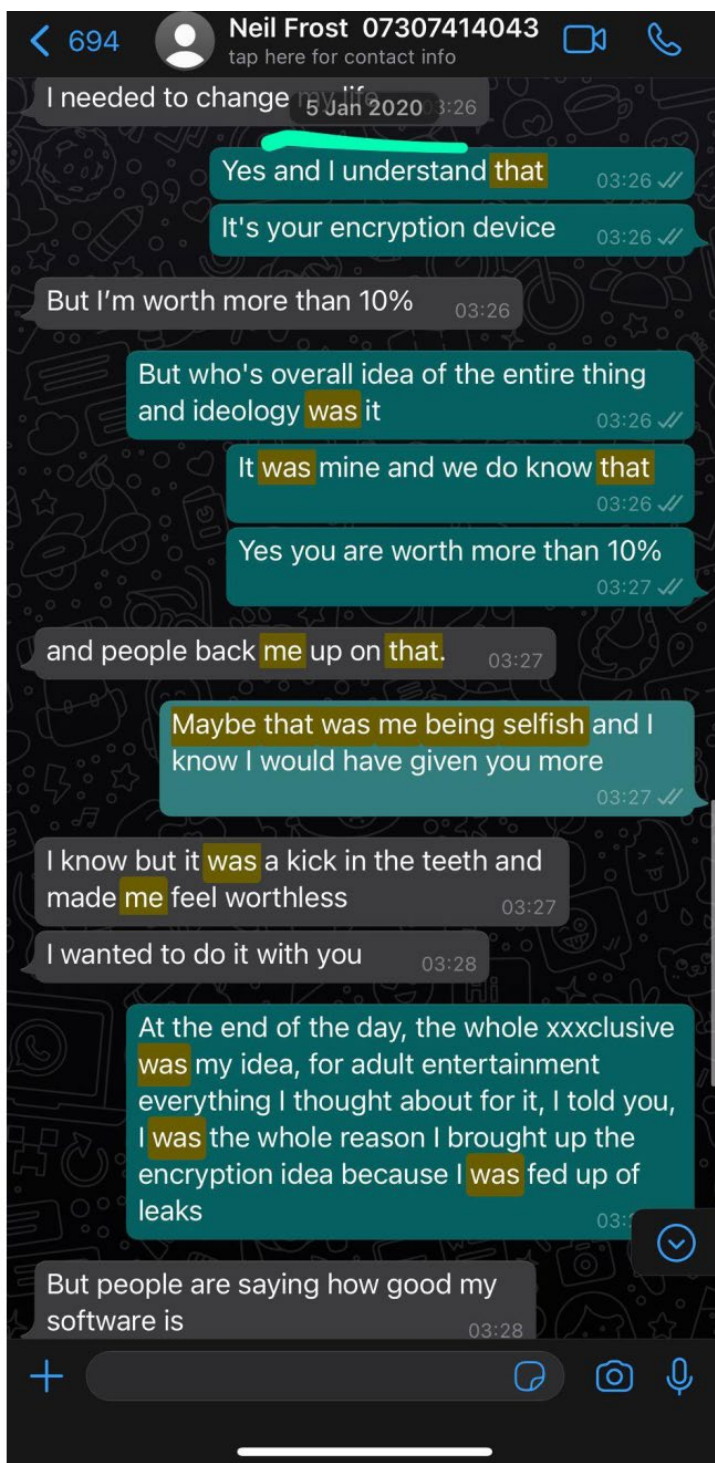
"Never a good time to tell you, but with our plans never going forward, xxXclusive was yours, and now we've got the site Xclusive Fans, I dunno whether it'll annoy you, but we both kinda came up with it and I acted on it."

48. This is consistent with Mr Frost's evidence that Mr Sachett went silent about the adult video sharing website. There is recognition that this might annoy Mr Sachett: implicit in this statement is a recognition that annoyance would stem from the fact that the project was at least partly Mr Sachett's. Mr Sachett states that Mr Frost is wrong that they both 'kinda' came up with it. It is not clear whether Mr Frost is referring to the project or the name, but his clear statement that "xxXclusive was yours" strongly suggests that he at least considered the name to be Mr Sachett's. However, even if it

were true that it was a joint enterprise, that does not necessarily absolve Mr Frost or the applicant from an allegation of bad faith.

49. Mr Frost is effectively saying in the text that he is moving forward with a website with the same or highly similar content, but that he has given the website what, in his opinion, is a different name: Xclusive Fans.

50. More light on the position is shed from the text exchange on 5 January 2020, in which the green texts are those of Mr Sachett:



51. Mr Frost is clearly unhappy with Mr Sachett's proposal for Mr Frost to have a 10% share in the adult video sharing project: Mr Frost considers he is worth more than that and his encryption software is known to be good. In this text exchange, Mr Sachett says twice that the idea was his, including the name xxxclusive. Mr Frost does not refute that.

52. The opponent submits that the second text exchange shown in paragraph 15 of this decision shows that Mr Frost accepts the XXXCLUSIVE project was Mr Sachett's because Mr Frost says "You're still the person who's the face of this and I'm here to help bud, so remember that." However, I think the text exchange, in the context of what comes before and after that message, is more equivocal: it could equally be that Mr Frost was talking about the ebook.

53. It seems to me that Mr Frost was disappointed and hurt by the silence, as he calls it, from Mr Sachett regarding the adult content sharing website project about which Mr Frost had become very enthusiastic. He wanted to move forward with such a project and decided to do so without Mr Sachett after their relationship broke down irretrievably. Recognising, as he does in the 6 December 2019 text, that the name XXXCLUSIVE was Mr Sachett's, he chose the name Xclusive Fans. Mr Frost does not say in his evidence whether he thought this name was similar or not to Mr Sachett's domain name.

54. The contested mark is similar to XXXCLUSIVE; at least, similar enough to cause confusion for what were intended to be websites and social media platforms with identical content. Mr Frost knew that XXXCLUSIVE was Mr Sachett's name for the project several months before he/the applicant applied for the contested trade mark. His motivation was to get on with his version of the project without Mr Sachett's input with a name that was similar to that chosen by Mr Sachett for his identical social media, adult video sharing, plans. Was that conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices? Mr Frost's intention at the relevant date was a subjective factor which must be looked at in the light of the objective circumstances.

55. In *Ian Adam Trade Mark*, BL O/094/11, Mr Geoffrey Hobbs QC, sitting as the Appointed Person, explained that:

"33. The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose. The appropriate remedy will in

that case be rejection of the offending application for registration to the extent necessary to render it ineffective for the purpose which made it objectionable in the first place.”

56. In my view, it was not bad faith for Mr Frost to start his own adult video sharing social media platform. It was not bad faith to do so whether or not the two men had fallen out and Mr Frost felt hurt and rejected. That would have been the right side of the line which separates legitimate self-interest from bad faith. However, this case is about a trade mark. It is not relevant whether the relationship between the two men descended into each posting defamatory content about the other. The context is trade mark law. Choosing a name so similar to the name he knew was Mr Sachett’s name, for a social media platform that was originally his idea, and applying for a trade mark, a trade monopoly, in that name was an act of bad faith. It was the wrong side of the line which separates self-interest from bad faith. The applicant’s/Mr Frost’s own feelings about whether that was permissible are irrelevant. I must consider the objective circumstances of the case and the resulting application.¹² I find that filing the application departed from accepted standards of ethical behaviour or honest commercial and business practices. **The section 3(6) ground succeeds.**

Outcome

57. The opposition succeeds in full. The application is refused.

58. As the opponent has been successful, it is entitled to a contribution towards its costs, based upon the published scale in Tribunal Practice Notice 2/2016. I have not made an award for the opponent’s requested CMC because the applicant was successful at the CMC. However, I will not offset the cost award in favour of the applicant for its success at the CMC because of the extra work caused to the opponent in considering the applicant’s correspondence and evidence which related to computer hacking allegations. The costs breakdown is as follows:

Official fee	£200
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¹² *Ian Adam Trade Mark*, at [36].

Preparing a statement and considering the applicant's counterstatement	£350
Preparing evidence and considering the applicant's evidence	£700
Written submissions in lieu of a hearing	£300
Total	£1550

59. I order Xclusive Creative Group Ltd to pay to XXXClusive Limited the sum of £1550. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 16th day of January 2023

**Judi Pike
For the Registrar,
the Comptroller-General**

Annex: list of goods and services of the application

Class 9: Computer software platforms; Software; Computer software; Application software; Downloadable application software; Downloadable computer software for the transmission of data; Downloadable computer software for the transmission of information; Computer software platforms for social networking; Communication, networking and social networking software; Multimedia software; Downloadable multimedia files; Downloadable videos; Downloadable digital photos; Downloadable media; Platform software; .

Class 35: Subscription to a television channel; Arranging subscriptions to media packages; Arranging subscriptions to information media; Arranging subscriptions to Internet services; Arranging subscriptions to information packages; Subscriptions to telecommunications database services; Retail services in relation to recorded content; Provision and rental of advertising space, time and media; Advertising; Online advertising; Banner advertising; Advertising services; Publicity services; Publicity; Marketing; Marketing services; Talent agency services [business management of performing artists]; Information, advice or consultancy services relating to the aforesaid;.

Class 38: Data streaming services; Video, audio and television streaming services; Streaming of audio material on the internet; Streaming of video material on the internet; Transmission of data, audio, video and multimedia files, including downloadable files and files streamed over a global computer network; Streaming of data; Streaming of television over the Internet; Broadcasting services; Video broadcasting; Telecommunication services; Digital network telecommunications services; Data transmission; Data transmission services; Telecommunication services provided via platforms and portals on the Internet and other media; Access to content, websites and portals; Providing access to an Internet discussion website; Provision of access to content, websites and portals; Providing access to multimedia content online; Transmission of videos, movies, pictures, images, text, photos, games, user-generated content, audio content, and information via the Internet; Transmission of audio and video content via computer networks; Transmission of user-generated content via the Internet; Providing online chatrooms for the

transmission of messages, comments and multimedia content among users; Chatroom services; Chatroom services for social networking; Forums [chat rooms] for social networking; Providing online forums; Providing access to Internet forums; Providing access to a video sharing portal; Providing access to databases in computer networks; Providing access to information on the Internet; Providing access to portals on the Internet; Providing access to platforms on the Internet; Leasing access time to web sites [isps]; Leasing access time to a computer database; Video on demand transmissions; Video-on-demand transmission services; Provision of access to an Internet portal featuring video-on-demand programs; Broadcasting of television programs using video-on-demand and pay-per-view television services; Provision of telecommunication access to films and television programmes via an on-demand service; Subscription television broadcasting; Information, advice or consultancy services relating to the aforesaid;.

Class 41: Providing films, not downloadable, via video-on-demand services; Providing television programs, not downloadable, via video-on-demand services; Entertainment; Entertainment services; Television entertainment; Video entertainment services; Audio entertainment services; Production of audiovisual recordings; Publishing services; Multimedia publishing; Electronic publishing services; Video production; Video rental services; Video production services; Production of videos; Hire of videos; Production of video films; Provision of non-downloadable videos; Providing online videos, not downloadable; Audio, video and multimedia production, and photography; Provision of multimedia entertainment programs by television, broadband, wireless and on-line services; Organising competitions; Information, advice or consultancy services relating to the aforesaid;.

Class 42: Software as a service [SaaS]; Platform as a service [PaaS] featuring software platforms for transmission of images, audio-visual content, video content and messages; Platform as a Service [PaaS]; Electronic storage of videos; Hosting a website for the electronic storage of digital photographs and videos; Providing online, non-downloadable software; Hosting websites; Website hosting services; Maintenance of websites; Development of computer platforms; Hosting platforms on the Internet; Information, advice or consultancy services relating to the aforesaid;.