

O-314-16

Companies Act 2006
In the matter of application No 924
By James Maitland

For a change of the company name of registration
No 09499515

Background, Claims and Defences

1. KRAKEN VAPING LTD (hereafter 'the respondent') was incorporated on 19 March 2015.

2. On 30 March 2015, James Maitland (hereafter 'the applicant') applied for an Order under section 69 of the Companies Act 2006 ('the Act') for the company name KRAKEN VAPING LTD to be changed.

3. The application included a request by the applicant to join Mr Alan Mundy to the proceedings. This was effected on 22 June 2015.

4. Section 69 of the Act states:

“(1) A person (“the applicant”) may object to a company’s registered name on the ground—

(a) that it is the same as a name associated with the applicant in which he has goodwill, or

(b) that it is sufficiently similar to such a name that its use in the United Kingdom would be likely to mislead by suggesting a connection between the company and the applicant.

(2) The objection must be made by application to a company names adjudicator (see section 70).

(3) The company concerned shall be the primary respondent to the application.

Any of its members or directors may be joined as respondents.

(4) If the ground specified in subsection (1)(a) or (b) is established, it is for the respondents to show—

(a) that the name was registered before the commencement of the activities on which the applicant relies to show goodwill; or

(b) that the company—

(i) is operating under the name, or

(ii) is proposing to do so and has incurred substantial start-up costs in preparation, or (iii) was formerly operating under the name and is now dormant; or

(c) that the name was registered in the ordinary course of a company formation business and the company is available for sale to the applicant on the standard terms of that business; or

(d) that the name was adopted in good faith; or

(e) that the interests of the applicant are not adversely affected to any significant extent.

If none of these is shown, the objection shall be upheld.

(5) If the facts mentioned in subsection 4(a), (b) or (c) are established, the objection shall nevertheless be upheld if the applicant shows that the main purpose of the respondents (or any of them) in registering the name was to obtain money (or other consideration) from the applicant or prevent him from registering the name.

(6) If the objection is not upheld under subsection (4) or (5), it shall be dismissed.

(7) In this section 'goodwill' includes reputation of any description."

5. The applicant states that he trades as Kraken Ecigs. It is claimed that the names associated with him are:

'Kraken Electronic Cigarettes'

'Kraken Ecigs'

and

'Kraken'

6. The applicant claims goodwill and a reputation in the electronic cigarette industry stating that his company has been active under the trading name 'Kraken Ecigs' since June 2013. Kraken Ecigs trades in electronic cigarettes, liquid re-fills (e-liquids) and produces original recipe e-liquids available only through Kraken Ecigs and authorised re-sellers. The applicant states that Kraken Ecigs is best known for *'a very popular E-liquid named Squid Ink, that has several hundred reviews, mentions and other associations including being part of E-liquid subscription services and sold by third parties in such subscriptions.'* In addition, Kraken Ecigs has been nominated for 'Best E-Liquid', 'Best E-Liquid Line' and 'Vendor of the Month/Year' in consumer voted industry awards every year since being involved with the industry.

7. The applicant claims that the respondent's company name, Kraken Vaping Ltd, will cause substantial confusion for potential and existing customers, stating that, *'It was*

customer confusion that originally alerted me to the existence of Kraken Vaping's facebook fan page'. The applicant contacted the respondent on 16 March 2015 (prior to the registration of the company name), stating that its name was too close to Kraken Ecigs and would cause confusion. The respondent replied stating that it saw no issue. The applicant sent a cease and desist letter via a solicitor on 18 March 2015. The applicant requests that the Tribunal enforce a change of name for the respondent company which does not imply any relationship with the names associated with the applicant.

8. The respondent filed a counterstatement (form CNA2), which was completed by Mr Alan Mundy. That section of the form which specifically asks the respondent to set out any defences upon which it wishes to rely was left blank. However, under the section which asks for a concise statement of grounds in support of the respondent's company name registration the respondent made the following points:

- The respondent was unaware of the applicant's trading name when it began trading under the name Kraken Vaping and assumed the name in good faith.
- The respondent has incurred substantial start-up costs in designing its logo, website, labels and general branding (which differ from the applicant's).
- The respondent and the applicant trade in different geographical areas, namely Swindon and Abergavenny.
- The applicant is not adversely affected to any significant extent.
- The respondent denies any intention to obtain money (or other consideration) from the applicant as it is using the name to trade.

9. These claims relate to potential defences under sections 69(4)(b)(ii), 69(4)(d) and 69(4)(e) and a denial of section 69(5) of the Act. Denial of the fact that the main purpose of the respondent was to obtain money or other consideration, is not a defence on which the respondent can rely. Section 69(5) of the Act is, in fact, a provision on which the applicant may rely if, despite the existence of certain defences, it can be shown that the main purpose in registering the name was nevertheless to obtain money or some other form of consideration.

10. Only the applicant filed evidence. The requirements for filing evidence are set out in rule 9 of the Company Names Adjudicator Rules 2008 as follows:

“(1) Subject to rule 6(3), evidence filed under these Rules may be given—

(a) by witness statement, affidavit or statutory declaration; or

(b) in any other form which would be admissible as evidence in proceedings before the court,

and a witness statement may only be given in evidence if it includes a statement of truth.

(2) For the purposes of these Rules, a statement of truth—

(a) means a statement that the person making the statement believes that the facts stated in a particular document are true; and

(b) shall be dated and signed by the maker of the statement.

(3) In these Rules, a witness statement is a written statement signed by a person that contains the evidence which that person would be allowed to give orally.”

11. The purpose of filing evidence is to establish fact, unless, of course, the fact is so well known that it can be taken into account on the basis of what is known as judicial notice. The respondent has not filed evidence. Consequently, it has failed to establish any facts. However, this is not the end of the matter because the applicant must still establish its case and we can still take any argument (but not fact) into account as has been stated in the respondent’s defence (CNA2).

Evidence

12. The applicant’s evidence is given by Mr Maitland in a witness statement dated 18 August 2015. Nine exhibits are attached to his witness statement, all of which are web prints which were printed on 18 August 2015. The first (Exhibit KDA1) contains the applicant’s statement of case. This has the effect of enabling the facts set out in the statement of case to be accepted as evidence in the proceedings. He states the following:

- Mr Maitland [the applicant] has been ‘an active part’ of the electronic cigarette industry since 2010
- He has traded using the name Kraken Electronic Cigarettes [Ecigs], often shortened to Kraken, since 16 June 2013.
- Ecigarettes, Ecigs, Vaping, Vapes and Eliquid(s) are descriptive of the product supplied.
- The applicant’s trading name, Kraken Ecigs, has been nominated for several consumer voted, industry awards, predominantly for his ‘original recipe e-liquid flavours.
- Kraken Ecigs is an established name within the industry.
- The applicant has appeared in vaping documentaries in an official capacity, clips from which have been used by national television as well as on subscription service advertisements.
- Kraken Ecigs has been ‘a long time supporter’ of the first and largest annual British vaping community event, ‘Vapefest’, which has thousands of visitors each year.
- Since its beginning, Kraken Ecigs has exhibited at and supported the event. The Kraken name and logo both appear on the official ‘Vapefest’ website along with branded images of items supplied for prizes at the event.

13. Exhibit KDA2 is taken from www.drippa.co.uk which the applicant describes as an ‘eliquid discovery service’ and wholesaler for Kraken Ecigs. The page features a ‘gourmet juice selection box’ which contains a range of eliquids. The applicant states that its product is featured in this advertisement, but, the labels of the products shown are not clear.

14. Exhibit KDA3 is taken from www.ecigclick.co.uk/ecig-awards2014-results/. The page shows the winners and nominated companies and products in a number of categories. The applicant's company 'Kraken' was nominated for 'best value E-liquid' 2014, 'Brand of the Year' 2014 and 'Best Flavour' 2014 for its E-liquid called 'Squid Ink'.

15. Exhibit KDA4 is taken from www.ukvapers.org. The page shows a list of the E-liquids nominated for 'best juice' in 2013. 'Kraken Ecigs Squid Ink' is shown fifth on the list of fourteen nominated liquids. On the same page is a list of companies shortlisted for 'Best customer service' in 2013. 'Kraken' is included in the list of 11 companies.

16. Exhibit KDA5 is taken from www.planetofthevapes.co.uk/forums/the-potv-forum-awards. The first web print shown on the page is an announcement that 'Mr Kraken' (the applicant) was voted vendor of the month in November 2013. The second print on the same page is taken from the same website and shows a list of companies shortlisted for 'Vendor of the Year 2014'. Mr Kraken is shown in the list of fourteen companies.

17. Exhibit KDA6 comprises web prints from three different pages on <http://ukvapefest.com>. The first shows a raffle prize donated by the applicant to Vapefest 2013. Under the heading 'Kraken Ecigs' it states, "*Jim is donating a Smoketech 510 epipe.*" The second shows a list of vendors attending Vapefest 2014. 'Kraken Ecigs' is shown halfway down the first column. The third page shows a raffle prize donated for the same event in 2014. Under the heading 'Kraken Ecigs' the following is shown, "*Jim from Kraken Ecigs is giving a Smok Fury 18650 & a Smok Pyrex Dual Coil RSST.*"

18. Exhibit KDA7 is described by the applicant as Kraken Ecigs' first facebook post. It is dated 16 June 2013 and says, "*I've got stock flowing in but the site is still not open to all and sundry! Currently moving house so will be without internet until 27th of June!!! Abergavenny people in need of an urgent e-liquid fix can give me a call, text, email, stop me in the street etc. and I will sort you out.*"

19. The second print on the same page is taken from <http://whois.domaintools.com> and is an entry headed 'Whois Record for KrakeNeCigs.com'. It shows a creation date for the domain name of 28 April 2013.

20. Exhibit KDA8 comprises two *facebook* messages between the applicant and the respondent, which are reproduced below:



Jim Maitland

12/11/2013 11:21

As you have no other point of contact established as yet Please consider this message an official communication from Kraken Ecigs and is to be considered private and confidential between Kraken Ecigs and Kraken Vaping

Whether intentional or incidental, by proceeding with the intent of trading in e-liquid or electronic cigarette supplies under a name suffixed with or containing "Kraken", it directly implies relationship to the trading name of Maitland Creative and Technical, Kraken Ecigs Established in the United Kingdom June 19th 2013 and operating via the following domain names

krakenecigs.com krakenecigs.co.uk
krakeneliquid.com krakeneliquid.co.uk

Your facebook url, page name and registered domain name imply intention of trading under a name or names under the Kraken monicker in the electronic cigarette sector in the UK Doing so will directly confuse customers and potential customers of Kraken Ecigs

If you proceed then an infnngement of trade mark will be filed under the Trade Marks Act 1994

Please direct any further correspondence to legal@krakenecigs.com



Kraken Vaping LTD

12/11/2013 11:21

Jim

Thank you for contacting us, please be assured that your concerns have been duly noted and I would like to take the time to address them below

We here at Kraken Vaping firmly believe that using the word "Kraken" in either our company name or our products does not imply any relationship to the trading name of Maitland Creative and Technical Furthermore, there are several companies (a cursory search of Companies House revealed no less than 36) listed in the UK who also use the word "Kraken" in their company name There are also more than 50 companies registered using the word "Maitland" We can only assume that up until this point in time there has been no such confusion between any of the aforementioned parties and see no reason why any such confusion should arise in future

You go on to say "Your facebook url, page name and registered domain name imply intention of trading under a name or names under the Kraken monicker in the electronic cigarette sector in the UK Doing so will directly confuse customers and potential customers of Kraken Ecigs. If you proceed then an infringement of trade mark will be filed under the Trade Marks Act 1994 "

As you are no doubt aware, the legal precedent in the UK is to allow companies to operate under a chosen name provided that it meets their rules. They set out their rules on similar names here <https://www.gov.uk/choose-company-name> and I have included them for you below

Similar names

Your name must be unique - it can't be the 'same as' or 'too like' an existing name

'Same as' names

'Same as' names are those where the only difference to an existing name is

punctuation

a special character, eg the 'plus' sign
one or more words listed in the guidance on naming

Example

'Hands UK Ltd' and 'Hand's Ltd' are the same as 'Hands Ltd', and 'Box.com Ltd' is too similar to 'Box Ltd'

As you can see from the above Kraken Vaping is not in any way infringing on Kraken Ecigs and although you mention the "Kraken monicker" and the Trade Marks Act of 1994, no such trade mark is registered with the Intellectual Property Office, and as such, no claim can be made

We trust that this settles the issue and will consider the matter closed

Many thanks,
Alan Mundy
~Kraken~

21. Exhibit KAD9 is described by the applicant as 'examples of customer confusion'. It comprises three prints taken from *facebook*. The first is a post by Derek McEwan (the date of the post is not visible). It reads, "*LMAO I have been banned from the fake Kraken page for letting them know that there already is a Kraken.*"

22. The second was posted by Wayne Harvey. The date of the post is not visible. It reads, "*Jim is this another using your name*". A reply by the applicant is timed 47 minutes later and reads, "*Same one as before, the matter is in hand*".

23. The third print shows a post from the respondent, Kraken Vaping Ltd. It is dated 10 April¹ and reads, "*Hi guys, here is the finalised branding, let us know what you think of it!*" Below the entry is an image showing a squid/octopus wrapped around the word Kraken. The words 'Vaping Ltd' are shown in smaller type below. The first post below that entry is from Craig Smith and reads, "*Is this the same Kraken that makes squid ink or a different company?*" A reply from Kraken Vaping Ltd two minutes later reads, "*Hi Craig, no we're completely separate from 'kraken electronic cigarettes'. We are Kraken Vaping Ltd, based in Swindon.*"

Decision

24. If the respondent defends the application, as here, the applicant must establish that it has goodwill or reputation in relation to a name that is the same, or sufficiently similar, to that of the respondent's company name suggesting a connection between the company and the applicant. Only if this burden is fulfilled is it then necessary to consider if the respondent can rely upon defences under section 69(4) of the Act. The relevant date is the date of application which, in this case, is 30 March 2015. The applicant must show that it had a goodwill or reputation at this date.

Goodwill

25. Section 69(7) of the Act defines goodwill as a "reputation of any description". Consequently, in the terms of the Act, it is not limited to Lord Macnaghten's classic definition of goodwill in *IRC v Muller & Co's Margerine Ltd* [1901] AC 217:

"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."

¹ A year is not shown for the entry which means that it was posted in the same year that the page was being accessed. In this case, that is when it was accessed and printed by the applicant, namely 2015.

The applicant claims that its goodwill or reputation is associated with the following names: 'Kraken Electronic Cigarettes' and/or 'Kraken Ecigs' and/or 'Kraken'.

26. The evidence filed by the applicant in support of its goodwill is not extensive, however, it contains details of the date of first use of the name in the electronic cigarette industry, establishing its length of trade. This, in turn, is supported by nominations for industry awards over the following years which show that people are voting for Kraken and Kraken Ecigarettes in respect of the company's customer service and the flavours of its e-liquid products.

27. The respondent makes no comment in its counterstatement regarding the applicant's goodwill other than to say that it was unaware of the applicant at the point it began using Kraken Vaping Ltd.

28. Taking all of the evidence into account, we find that the applicant has established that it has a goodwill or reputation associated with Kraken Ecigs and Kraken. Given that in our view, which is supported by the evidence, Ecigs is an obvious abbreviation for ecigarettes, we also find that the applicant has goodwill in respect of Kraken Electronic Cigarettes.

Does the respondent's company name suggest a connection between it and the applicant?

29. The respondent's name is Kraken Vaping Ltd. The names associated with the applicant are Kraken, Kraken Ecigs and Kraken Electronic Cigarettes.

30. The presence of the word Limited, can hardly be considered significant as it simply indicates the corporate status of the company. Indeed, if this had been the only difference between the names then they would have been regarded as the same (see, for example, *MB Inspection Ltd v Hi-Rope Ltd*² at paragraph 48).

31. The remaining elements of the names, in addition to the first word, Kraken, are descriptive of the industry in which these names are used, namely the electronic cigarette industry. 'Vaping' simply describes the act of using an electronic cigarette³, whilst electronic cigarettes are some of the goods to which those names relate.

32. In summary, we find that the respondent's name is sufficiently similar to the name associated with the applicant such that its use in the United Kingdom would be likely to mislead by suggesting a connection between the company and the applicant.

Defences

33. As stated above, the respondent relies upon a number of defences including that under section 64(4)(e) of the Act. Such a defence is relevant where it is shown that:

²[2010] RPC 18

³Supported by the applicant's evidence, see, for example, KDA4, KDA5 and KDA6.

“The interests of the applicant are not adversely affected to any significant extent.”

34. To affect the interests of the applicant adversely to any significant extent, the company name must do more than just sit on the register at Companies House. In this case, the adverse effect must relate to the potential use of the company name in business.

35. It is not entirely clear why this particular defence is being claimed, other than the fact that the applicant is based in Abergavenny and the respondent is based in Swindon.

36. There is no evidence from the respondent to show where it is located. To rely on a ‘no adverse effect’ defence it is for the respondent to show, in evidence, what it has done or intends to do. Without such evidence the defence is bound to fail. Furthermore, a company is not limited to a particular area of the UK. Even if the respondent had established, as a matter of fact, where the respective companies were located, nothing prevents the respondent from operating anywhere within the UK, including Abergavenny.

37. Even if we were to limit the parties to particular areas of the UK, it is clear that both sides are interested in the same industry, namely, electronic cigarettes. Given the connection between the names (which we have found earlier in this decision), the potential use by the respondent would, for example, divert potential customers from the applicant to the respondent. If the services provided by the respondent were inferior to those provided by the applicant then this would also have an adverse effect upon the goodwill and/or reputation of the applicant.

38. For all of the reasons indicated, the “no adverse effect” defence is rejected.

39. With regard to the other defences which have been pleaded by the respondent, they cannot succeed in the absence of evidence. For example, the respondent claims to have acted in good faith and mentions that it is using the name to trade (though this is not specifically pleaded as a defence, but as proof that the registration is not intended to be a vehicle for obtaining money or other consideration from the applicant). Such claims require, in respect of ‘good faith’, evidence to show how the name was selected, what the respondent knew at the relevant time, its plans for the business, and so on. In order to succeed under a ‘trading’ defence evidence of that trade must be provided.

40. Similarly, the respondent claims to have incurred substantial start-up costs in designing its logo, website, labels and general branding. Absent evidence of such expenditure this defence is bound to fail.

41. We note that, in an attempt to establish that confusion has occurred, the applicant has provided prints from *facebook*⁴ including a post from the respondent dated 10 April 2015 which requests comments regarding its finalised branding. It is possible in such

⁴ See exhibit KDA9

circumstances for the applicant inadvertently to provide the respondent with a defence under 69(4)(b)(i) of the Act, namely that it is trading using the contested name.

42. In this case, there is no evidence of trade, simply an example of what is termed 'finalised branding'. It is not shown whether this branding was ever used for promotion of the respondent's name or applied to any products which it has offered to customers.

43. Furthermore it does not assist the respondent in respect of its claim regarding start-up costs since there is no indication of any expenditure in relation to the 'finalised branding.'

44. The result of all this is that the respondent is unable to avail itself of a defence which, in turn, means that the application for a change of name succeeds.

Conclusion

45. The application is successful. In accordance with section 73(1) of the Act, the following order is made:

(a) Kraken Vaping Ltd shall change its name within one month of the date of this order to one that is not an offending name;

(b) Kraken Vaping Ltd and Mr Alan Mundy shall:

(i) take such steps as are within its power to make, or facilitate the making, of that change;

(ii) not cause or permit any steps to be taken calculated to result in another company being registered with a name that is an offending name.

46. If no such change is made within one month of the date of this order, a new company name will be determined as per section 73(4) of the Act and notice will be given of that change under section 73(5) of the Act.

Costs

45. The applicant has been successful and is entitled to a contribution towards its costs on the basis of the scale of costs⁵ which applied at the date these proceedings were commenced. We award the following:

Fee for filing the application:	£400
Fee for filing evidence:	£75
Preparing a statement and considering the counterstatement:	£125
Preparing evidence:	£250

⁵ Published in the Practice Direction.

Total:

£850

46. Kraken Vaping Ltd and Mr Alan Mundy, being jointly and severally liable, are ordered to pay James Maitland the sum of £850 within fourteen days of the expiry of the appeal period, or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful. Under section 74(1) of the Act, an appeal can only be made in relation to the decision to uphold the application; there is no right of appeal in relation to costs.

47. Any notice of appeal must be given within one month of the date of this decision. Appeal is to the High Court in England, Wales and Northern Ireland and to the Court of Session in Scotland. The Tribunal must be advised if an appeal is lodged.

Dated this 5th day of July 2016

Al Skilton
Company Names
Adjudicator

Judi Pike
Company Names
Adjudicator

Beverley Hedley
Company Names
Adjudicator