



Neutral Citation Number: [2023] EWCA Civ 1493

Case No: CA-2023-000886

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY
COURTS OF ENGLAND AND WALES, INTELLECTUAL PROPERTY LIST (ChD),
INTELLECTUAL PROPERTY ENTERPRISE COURT

His Honour Judge Hacon
[2023] EWHC 890 (IPEC)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 19 December 2023

Before :

LADY JUSTICE KING
LORD JUSTICE ARNOLD
and
LORD JUSTICE STUART-SMITH

Between :

YOURS NATURALLY NATURALLY YOURS LIMITED

**Claimant/
Respondent**

- and -

(1) KATE MCIVER SKIN LIMITED
(2) CHRISTOPER JOHN MCIVER

**Defendants/
Appellants**

Michael Smith (instructed by **Ai Law**) for the **Appellants**
Daniel Metcalfe (instructed by **Irvine Yates Solicitors**) for the **Respondent**

Hearing date : 30 November 2023

Approved Judgment

Lord Justice Arnold:

Introduction

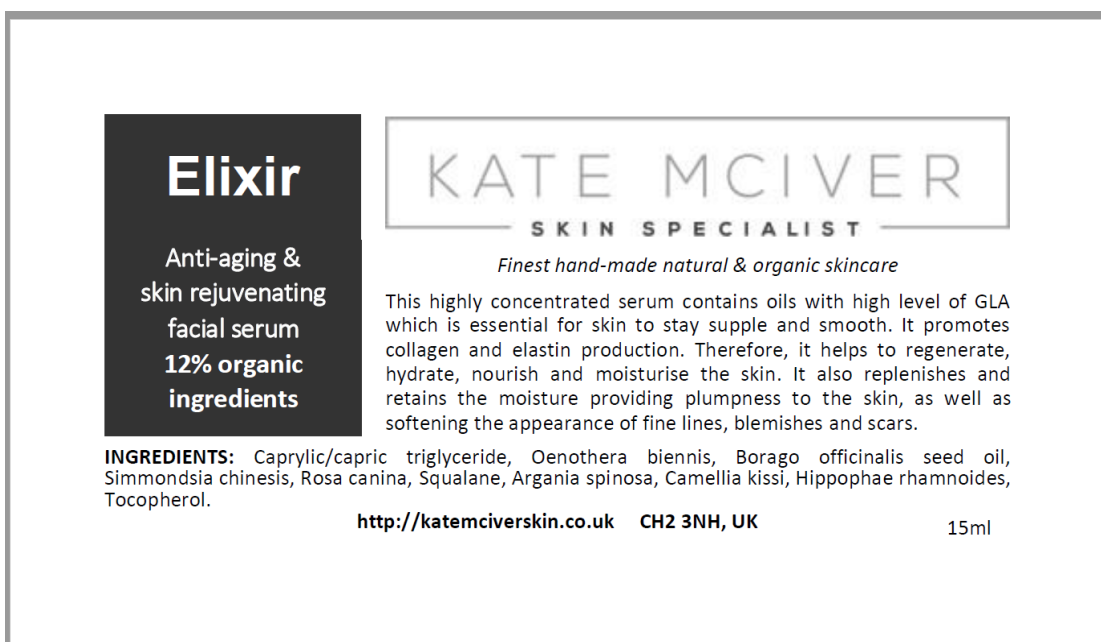
1. This is an appeal by the Defendants from an order made by His Honour Judge Hacon sitting in the Intellectual Property Enterprise Court on 20 April 2023 granting the Claimant (“YNNY”) relief for passing off and copyright infringement for the reasons given in his judgment of the same date [2023] EWHC 890 (IPEC). I granted permission to appeal, but recommended mediation. It is regrettable that the parties have not been able to resolve their dispute because it seems likely that the costs of the appeal will have exceeded what is at stake.

The facts

2. The following account of the facts is taken largely verbatim from the judge’s judgment with some light editing. I have inserted images of the various labels referred to.
3. The Claimant (“YNNY”) carries on a business in the manufacture and sale of skin care products which was formerly carried on by Georgina Tang trading under the name “Yours Naturally Naturally Yours” and the acronym “YNNY”. The First Defendant (“KMS”) carries on a business in the sale of skin care products which was formerly carried on by Kate McIver, previously Kate Dymont, now deceased. The Second Defendant, Christopher McIver, is the widower of Ms McIver and is the personal representative of her estate.
4. The dispute concerns an anti-aging skin serum called “Elixir” which was created in June 2015 by Ms Tang. From about that date until November 2018 Ms Tang made Elixir and sold it to beauty practitioners and directly to the public around the UK. Since then YNNY has made and sold Elixir.
5. In 2016 Ms McIver was diagnosed with stage 3 breast cancer at a very young age. Chemotherapy caused her to suffer from severe skin irritation. In March 2017 Ms McIver bought Elixir serum from Ms Tang for use on her own skin. The product was made in accordance with the formulation created by Ms Tang (“the Tang Formulation”).
6. In May 2017 Ms Tang became aware of Ms McIver beyond her being a customer. Ms Tang read on Facebook about Ms McIver’s story. The two began to correspond by Facebook messages.
7. In October 2017 Ms McIver asked Ms Tang whether she could buy Elixir wholesale and sell the product under her own logo. She sent Ms Tang a copy of the logo which incorporated the words “Kate McIver Skin Specialist”. They agreed that, to begin with, Ms McIver would test the market with five bottles which were supplied with Ms Tang’s label featuring the name Elixir. This label (“the Original Label”) is shown below.



8. The trial was a success. Between October 2017 and April 2018 Ms Tang continued to supply Ms McIver with the product, still with the Original Label and made according to the Tang Formulation. Ms McIver sold the serum on to her customers.
9. In a message dated 29 November 2017 Ms McIver told Ms Tang that she wanted to advertise the serum. Ms Tang responded "You can get more information on [Ms Tang's] website to promote it".
10. In March 2018 Ms Tang and Ms McIver discussed again the idea of Ms McIver selling the serum with Ms McIver's label on the bottles. Ms Tang was encouraging.
11. Between April and June 2018 Ms McIver sold the serum to her customers under her own brand. It was still the Tang Formulation supplied by Ms Tang. The label bore the name KATE MCIVER in upper case, the word "Elixir" in prominent script, together with a description of the product, a list of contents and Ms McIver's email address and post code. This label ("the First McIver Label") is shown below.



12. In May and June 2018 Ms Tang and Ms McIver discussed alternative arrangements for the packaging of the serum. Ms McIver asked whether it was possible for her to have her own distinctive bottles or packaging. In a message dated 18 May 2018 Ms Tang said:

“Possibly say it’s your own label made by an ethical, cruelty free, local company in Liverpool, what do you think? Don’t mention about being exclusive because I am the creator, so copy right stays with me.”

13. On 6 June 2018 Ms McIver posted a message on her Instagram account directed to her customers and potential customers. There was a description of her wedding, and the difficulties she had since suffered from her cancer and from her chemotherapy. She continued:

“To get through this I needed to have a focus, something I loved, something I was obsessed with to take my mind from the pain ... Kate McIver skin was born and I literally put my life and soul it too [sic] researching and training, creating bespoke treatment and tailor making the ingredients for each session meaning treatments that I could be remembered for. ...

The Kate McIver serum was designed to turn my skin around to help my cells recover and rejuvenate, it also healed all my scars. Fast forward 7 months and I’m in remission, my skin and hair is healthy and glowing and it’s safe to say the business is thriving.”

14. On 7 June 2018 Ms Tang and Ms McIver met in person. They continued their discussions by social media after the meeting. On 7 June 2018 Ms McIver asked Ms Tang to send her a few lines on the Elixir serum for marketing purposes. Ms Tang responded on the same day quoting a description of the serum from her website.

15. On 8 June 2018 there was another Instagram post from Ms McIver for her customers and potential customers. She referred to a serum that can only have been a reference to the Elixir serum. The post said:

“I made this with my very own hands [to] remove a scar last year & yes it worked!!!!

This serum is still hand made but unfortunately the cost of making it has increased so there will be a small increase at the end of the month.”

16. Other Instagram posts at about the same time from “katemciverskin” referred to the serum having been made by Ms McIver, or as now being produced by “us”.

17. On 12 June 2018 Ms McIver asked Ms Tang for “a few lines how the serum is compared to mass produced”. Ms Tang provided a few sentences, apparently for Ms McIver’s use.

18. From 20 June 2018 to August 2018 Ms McIver sold the serum (the Tang Formulation) under a label bearing the names KATE MCIVER and SECRET WEAPON (rather than

Elixir) in prominent script. As before, the label contained a description and ingredients, an email address and post code. It also included in a small typeface the letters YNNY. This label (“the Second McIver Label”) is shown below.



19. Although the label no longer bore the name Elixir, Ms McIver told the public that it was still the serum that she had created. In an Instagram post dated 3 July 2018 Ms McIver used “before and after” photographs of her mother and said, referring to her mother:

“My first Guinea Pig for my serum back when it was a case of making up the serum in my back room at home.”

20. On 20 August 2018 KMS was incorporated and took over Ms McIver’s business, including sales of the serum under the Second McIver Label.
21. On 6 September 2018 Ms McIver sent an email to Abdur Rahman of Pelham Group (“Pelham”), a manufacturer of cosmetics. Ms McIver referred to an earlier conversation between them and suggested that Pelham might make the Elixir serum, quoting the ingredients identified on the label – the ingredients of the Tang Formulation. Ms McIver spoke of a startup order of 1000 units and said:

“I am currently feeling very threatened by investors and companies wanting to jump on the back of the product success and use my brand to resell for themselves. Obviously as I currently do not own the copy write or IP of my best selling product I am in a very vulnerable position and my business is massively at risk.”

22. Mr Rahman asked for a sample. On 13 September 2013 he told Ms McIver that Pelham’s chemists had made the product and that samples were ready to go. Mr Rahman later added that there were no new ingredients, the product was “the same as benchmark but we can add any ingredients you like”. Ms McIver replied:

“The next steps now we need to add in a few ingredients so the serum is not identical to the original product by my current lady.

I would also like to use this as a chance to increase the quality and effectiveness of the serum.

Would it be possible to connect with a lab tech who may be able to advise what ingredients would really enhance the serum?"

23. On 25 September 2018 Mr Rahman emailed to say that new samples had been developed, giving lists of added ingredients for two new proposed formulations which he called samples 3 and 4. Ms McIver chose sample 3, to which, at her suggestion, frankincense oil was added ("the First Pelham Reformulation"). She and Mr Rahman discussed packaging.
24. On 1 October 2018 there was a post on Facebook for Ms McIver's customers and potential customers announcing "Launch of New Secret Weapon Serum". It included a statement from Ms McIver, speaking of her treatment for cancer:

"I was in my twenties, and it was just heartbreaking to see my body deteriorating so rapidly from the pharmaceuticals ... I threw myself into researching and creating bespoke treatments that could be used on all skin types, and this was where the 'magic' serum was born."

The announcement added:

"Following months of intensive research and experimentation, Kate's new wonder serum began to take shape, offering to rejuvenate skin cells, heal scars and remove the harsh dark circles she struggled with."

25. On 7 November 2018 YNNY was incorporated. Some time in November 2018 Ms Tang informed Ms McIver of an increase in the price for the serum. On 30 November 2018 Kathryn Orr, a friend of Ms McIver's and a co-worker at KMS, told Ms Tang that KMS would cease to use Ms Tang as a source of the serum, with immediate effect. There were no further purchases of serum by KMS from YNNY or Ms Tang.
26. From 1 December 2018 Secret Weapon serum made in accordance with the First Pelham Reformulation, sourced by Pelham, was marketed by KMS. The label bore the words SECRET WEAPON, SERUM and Kate McIver, but not the word Elixir. This label (which I shall refer to as "the Third McIver Label") is shown below.



27. KMS continued to represent this as the serum which Ms McIver had created to deal with her own skin problems caused by chemotherapy. KMS made prominent use of before and after photographs of the celebrity Danielle Lloyd. These were used in an Instagram post dated 19 October 2018, when KMS was marketing Ms Tang’s serum, with commentary that included the words:

“Created by stage 4 cancer thriver Kate McIver.”

28. The same pictures were used to promote KMS’s Secret Weapon serum on 12 and 23 November 2018, 9 January 2019 and 29 July 2019, which implied that the serum marketed on those dates was either the same as, or not significantly different from, the serum marketed in October 2018.
29. On 1 December 2018 the *Liverpool Echo* published an article about Ms McIver headlined:

“Mum creates ‘secret weapon’ serum that’s transforming the lives of cancer patients”.

The article began:

“A mum battling stage four cancer has created a ‘secret weapon’ serum that’s helping other people suffering with cancer feel good about themselves.”

After saying more about Ms McIver’s illness and gruelling treatments, it continued:

“But Kate decided to fight back and using her skincare knowledge from her job in skin aesthetics, created a serum using ingredients that specifically target the problem and promotes the rejuvenation of skin cells.

Within weeks Kate’s skin was transformed and she started to share it with other cancer patients – who she knew from giving facials too [sic].”

The article quoted Ms McIver as saying:

“I gave it to my friends and family and they also started to notice a huge difference in their skin – so I knew I was on to something.”

30. On 2 December 2018 Ms McIver was interviewed by Gaby Roslin on BBC Radio London. She spoke of the time she had chemotherapy:

“... I think I had a lot of time on my hands, so I threw myself into my passion for skin, um and I did a lot of training and skin science courses and I started to sort of delve quite deep into the ingredients side of things, um, and product development because I knew one day that was my sort of end goal, you know, to produce a skincare range.”

Ms McIver was asked shortly afterwards to name that range. She said it was called “the Secret Weapon Serum”.

31. In early 2019 Ms McIver worked with Pelham to produce another version of the serum (“the Second Pelham Reformulation”).
32. In an Instagram post dated 31 January 2019 a customer complained about skin problems caused by the new formulation and asked how it differed from the original. In response, someone from KMS identified as “katemciverskin” said that “turmeric and other healing ingredients” had been added, but that KMS would have “the original formula back on the shelf in a few weeks time”, apparently to fix the “breaking out” caused by the First Pelham Reformulation.
33. On 2 February 2019 KMS placed an order with Pelham for 2000 bottles of the Second Pelham Reformulation.
34. From March 2019 the Second Pelham Reformulation was sold under the names KATE MCIVER and SECRET WEAPON. The name Elixir was not on the packaging, but the word ORIGINAL appeared prominently. This label (which I shall refer to as “the Fourth McIver Label”) is shown below.



35. On 1 March 2019 Ms Orr gave an interview on the podcast “Ladies of Liverpool”. She spoke of Ms McIver having created the Secret Weapon serum from her research.
36. Sadly, Ms McIver died on 24 March 2019.
37. These proceedings were commenced by YNNY in the Business and Property Courts in Manchester on 19 May 2020 and transferred by consent to IPEC in 2022. There is no dispute that all relevant goodwill, copyrights and causes of action owned by Ms Tang have been assigned by her to YNNY.

Passing off

The law

38. The fundamental principle underlying the law of passing off may be simply stated. Putting it into contemporary language, it is this: no person may misrepresent their goods or services to be those of another person. Defining the tort more precisely has proved difficult, however. A number of eminent judges have attempted to formulate statements of its essential ingredients, but there is no test that is universally applicable.
39. The most comprehensive statement remains that of Lord Diplock, with whom Viscount Dilhorne, Lord Salmon and Lord Scarman agreed, in *Erven Warnink BV v J. Townend & Sons (Hull) Ltd* [1979] AC 731 (the *Advocaat* case) at 742:

“My Lords, *A. G. Spalding & Bros. v. A. W. Gamage Ltd.*, 84 L.J.Ch. 449 and the later cases make it possible to identify five characteristics which must be present in order to create a valid

cause of action for passing off: (1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.”

40. Lord Diplock immediately went on, however, to warn:

“In seeking to formulate general propositions of English law, however, one must be particularly careful to beware of the logical fallacy of the undistributed middle. It does not follow that because all passing off actions can be shown to present these characteristics, all factual situations which present these characteristics give rise to a cause of action for passing off.”

41. In many cases of alleged passing off, the most useful formulation is that of Lord Oliver of Aylmerton, with whom Lord Bridge of Harwich, Lord Brandon of Oakbrook and Lord Goff of Chieveley agreed, in *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 WLR 491 (the *Jif Lemon* case) at 499:

“Although your Lordships were referred in the course of the argument to a large number of reported cases, this is not a branch of the law in which reference to other cases is of any real assistance except analogically. It has been observed more than once that the questions which arise are, in general, questions of fact. Neither the appellants nor the respondents contend that the principles of law are in any doubt. The law of passing off can be summarised in one short general proposition — no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ‘get-up’ (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff’s identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular

description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Thirdly, he must demonstrate that he suffers or, in a *quia timet* action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

42. Although Lord Oliver referred in this passage to “goodwill or reputation”, it is clear that goodwill is required and that mere reputation does not suffice: see *Starbucks (UK) Ltd v British Sky Broadcasting Group plc* [2015] UKSC 31, [2015] 1 WLR 2628. Thus the three core ingredients of the tort are (i) goodwill owned by the claimant, (ii) a misrepresentation by the defendant and (iii) consequent damage to the claimant.
43. There are some cases of passing off which do not fit easily within Lord Oliver’s formulation although they do fit within Lord Diplock’s. One category of such cases concerns what is sometimes called either “reverse” or “inverse” passing off, although I do not myself find either term helpful. The three leading authorities on this class of case are all decisions of this Court.
44. In *Samuelson v Producers Distributing Co Ltd* (1931) 48 RPC 580 the plaintiff was the author under his stage name Lawrie Wylie of a humorous sketch, *The New Car*, which had been performed successfully before the King and Queen at a Royal Command Performance and had attracted favourable reviews. The defendants retained the principal comedian from the sketch to write and perform a film version, which emerged as totally different to the original. The defendants used misleading quotations from newspaper reviews of the Command performance to advertise their film as if it was the sketch which had pleased the King and Queen. Lord Hanworth MR, with whom Lawrence and Romer LJJ agreed, saw no difficulty in holding at 588 that this was passing off:
- “It appears to me idle to say that this is not a passing-off. What was the purpose of what I have described as a moulding of the observations contained in *The Daily Telegraph*? To leave out *Lawrie Wylie* and refer to ‘*His First Car*’ and not ‘*The New Car*’. ‘*His First Car*’ was the title of the film of the defendants and they were adducing its success as appropriate to and belonging to their film ‘*His First Car*’ when in truth and in fact it belonged to the plaintiff and his sketch ‘*The New Car*’. That seems to me to amount to a notice or invitation: ‘Come and see our film and when you have seen our film you will have seen the sketch which has been spoken of in the manner which is stated in the passages which appear in the advertisement.’ It appears to me quite clear that this was an attempt to pretend that the defendants’ sketch was the same as the sketch which had made Her Majesty the Queen laugh.”
45. In *Plomien Fuel Economiser Co Ltd v National School of Salesmanship Ltd* (1943) 60 RPC 209 Lord Greene MR, with whom Luxmoore and du Parc LJJ agreed, had similarly little difficulty with a case he described at 213-214 as follows:

“[The Defendants] represented that certain tests which had been made were tests in connection with the Defendants’ economiser, whereas in fact they were tests in connection with the Plaintiffs’ economiser. They represented that certain economisers which had been fitted for a number of purchasers, and which were in fact the Plaintiffs’ economisers, were the Defendants’ economisers, and in the correspondence which took place when they were negotiating for an order or had obtained an order for a trial, they then repeated in the most barefaced and dishonest manner those suggestions, stating that a number of customers, said to be satisfied customers, were customers for their article, whereas in fact they were customers who had ordered, and were satisfied with, the Plaintiffs’ article. ...

If that is not passing-off, I really do not know what is. It is perfectly true, and I am willing to assume, that not one single customer who went to the shop (I use the word ‘shop’ of course metaphorically, it was not a shop at all; it was done by orders by post and by travellers and so forth) had ever heard of the plaintiffs or ever heard that they had put on the market an economiser. That, to my mind, matters not one bit when it is realised that those customers were coming with the intention of getting goods from a particular source, namely, the same source as those from which the satisfied customers had got their goods.”

46. In *Bristol Conservatories Ltd v Conservatories Custom Built Ltd* [1989] RPC 455 one of the individual defendants had worked for the plaintiffs as a salesman and had kept a book of photographs showing conservatories designed and built by the plaintiffs. On his joining the defendant company, which was a newly established business, he and other salesmen used the photographs to show to prospective customers as examples of conservatories which the defendants had supposedly supplied. The plaintiffs successfully appealed from an order striking out the statement of claim as disclosing no reasonable cause of action. Ralph Gibson LJ, with whom Sir Stephen Brown P and Butler-Sloss LJ agreed, followed *Samuelson* and *Plomien*, and rejected an argument that the House of Lords in the *Advocaat* case had confined passing-off to its classic form and so-called “extended” passing off. He said at 464-465:

“I do not intend to decide whether there is a form of the tort to be known as reverse passing-off. It is sufficient, I think, to hold that the facts alleged can properly be regarded as within the tort of passing-off.

... the claim in passing-off is not ... ruled out because it is not alleged that any member of the public, looking at any of the photographs, would associate any conservatory with the plaintiffs. No person affected by the misrepresentation in *Samuelson’s* case, or in the *Plomien* case ... would have known who the plaintiff in any of those cases was. That did not stop the plaintiff being injured in his property rights in the business or goodwill. Nor would it matter if there was nothing in any photograph to link the conservatory there depicted with the

plaintiffs in any way. Next, it would not matter that there was no allegation that there would be any confusion in the minds of the public. The concept of confusion, in my view, is irrelevant when the misrepresentation leaves no room for confusion. The prospective customer here is not left to perceive the difference between the two allegedly similar products, he is told simply and untruthfully that Custom Built designed and constructed the conservatories which provide the evidence for the experience, skill and reputation of the plaintiffs.”

47. The only other case that it is necessary to mention is *ScanSafe Ltd v MessageLabs Ltd* [2006] EWHC 2015 (Pat). The claimant had developed an internet security system. The defendant entered into a reseller agreement with the claimant which enabled the defendant to market the system under its own name i.e. what is often called a “white label” arrangement. The defendant had given notice terminating the agreement, and had started marketing its own system. The claimant contended that the defendant was passing off the new system as originating from the same source as the previous system by describing it as “Version 2” or “2.0”, relying upon *Bristol Conservatories*, and sought an interim injunction. Patten J held in an extempore judgment that the claimant had an arguable case:

“83. A permission to brand goods as one’s own entitles the licensee to use the commercial reputation of the goods or services to make sales of that product in its own name. To that extent, it permits the licensee to accrue goodwill generated by the product for its own benefit. But it does not, without more, carry with it the right to trade on the reputation of those goods in order to market a similar product which does not originate from the same source as if it does. Such conduct would be a misrepresentation by that defendant and one not authorised by the Agreement.

84. The difficult question is whether the misrepresentation is actionable by the claimant as passing off when, by virtue of the White Label arrangements, it has allowed any goodwill and reputation to be enjoyed by the defendant. It seems to me at least arguable that under the Reseller Agreement, the goodwill in the existing service can be used by ML to boost its trade in that product, but cannot be used to market a product which has a quite different technical origin. The law will notionally attribute to the claimant the reputation built up in the product for the purpose of protecting it from misuse in relation to other products. This is difficult law and it may be that the correct answer is that this is not passing off at all, but a species of injurious falsehood actionable on slightly different principles.”

YNNY’s pleaded case

48. For reasons that will appear, I need to set out YNNY’s pleaded case on passing off in paragraph 25 of its Amended Particulars of Claim. For clarity I shall set out the amended text without showing the amendments:

- “(i) By reference to the foregoing, the Claimant is the owner of valuable goodwill in the Elixir Serum by reference to the unregistered trade marks ‘Kate McIver’ and ‘Secret Weapon’ and the First Label and the Second Label;
- (ii) Further or in the alternative, by reference to the foregoing, the Claimant is the owner of valuable goodwill as the originator of the Elixir Serum supplied to the First Defendant and Ms Dymont under the unregistered trade marks ‘Kate McIver’ and ‘Secret Weapon’ and the First Label and the Second Label;
- (iii) For the avoidance of doubt, the Claimant does not aver ... that the Claimant’s goodwill is held in the unregistered trademarks per se, but that ... the Elixir Serum became associated in the unregistered trade marks, such that there arose goodwill separately to the First Defendants’ goodwill (in that respect, the Claimant will rely upon the decisions in *Bristol Conservatories Custom Built Ltd* [sic] ... and *ScanSafe Ltd v MessageLabs Ltd* ...;
- ...
- (iv) The First Defendant and Ms Dymont have misrepresented that Ms Dymont rather than Ms Tang was the originator of the Elixir Serum as follows:
- (a) The First Defendant and Ms Dymont have falsely stated via the website www.katemciverskin.co.uk and the Instagram and Facebook accounts @katemciverskin that Ms Dymont created the Elixir Serum ...
- (b) The First Defendant and Ms Dymont have falsely stated to the press that Ms Dymont created the Elixir Serum ...
- (v) The First Defendant and Ms Dymont have by utilising the same/or similar unregistered trade marks misrepresented that the origin of the First Imitation and the Second Imitation is the same as the Elixir Serum, namely the Claimant and/or Ms Tang;
- (vi) The First Defendant and Ms Dymont by referring to the Second Imitation as ‘Secret Weapon Original’ have misrepresented that the Second Imitation is the Elixir Serum;
- (vii) The misrepresentations of [the] First Defendant and Ms Dymont have caused damage to the Claimant’s goodwill as follows:
- ...
- (b) The First Defendant has been purchasing the First Imitation and the Second Imitation from a third party whilst marketing them so as to indicate the same origin as the Elixir Serum, in circumstances where the

Claimant could have supplied the Elixir Serum to the First Defendant;

- (c) The First Defendant's customers have been purchasing the First Imitation and the Second Imitation thinking it is the same as the Elixir Serum or thinking that it has the same origin as the Elixir Serum, in circumstances where the Claimant markets the Elixir Serum for sale and could supply to those customers directly;
- (d) The change in ingredients and deterioration in quality of (at least) the First Imitation and (potentially) the Second Imitation and the acne and skin problems suffered by The First Defendant's customers are such as to create a negative impression in the mind of the public as regards the originator of the Elixir Serum, namely the Claimant and/or Ms Tang;
- (e) The misrepresentations in and of themselves damage the Claimant's goodwill because they create a false impression in the mind of the public that Ms Dymont created the Elixir Serum and that the First Imitation and/or the Second Imitation are the same as the Elixir Serum and/or originate from the Claimant and/or Ms Tang."

- 49. The First Label is similar but not identical to what the judge called the First McIver Label, while the Second Label is what the judge called the Second McIver Label. Sub-paragraph (vi) refers to what I have called the Fourth McIver Label. The First Imitation is what the judge called the First Pelham Reformulation and the Second Imitation is what the judge called the Second Pelham Reformulation.
- 50. It has to be said that this pleading is rather muddled. Nevertheless, four points are clear. First, YNNY did not plead any case that it owned goodwill associated with the name Elixir, still less any case that Ms McIver or KMS had misrepresented the trade origin of their product by use of that name. Secondly, YNNY did plead a case that it owned goodwill as the originator of the serum supplied to Ms McIver and KMS. Thirdly, YNNY alleged both that Ms McIver and KMS had misrepresented Ms McIver to be the originator of the serum rather than Ms Tang and that Ms McIver and KMS had misrepresented the origin of their products as being the same as that of the Elixir serum. Fourthly, YNNY explicitly relied on *Bristol Conservatories* and *ScanSafe*.

The judge's judgment

- 51. The judge set out the law at [46]-[53], citing *Advocaat*, *Jif Lemon*, *Starbucks*, *Plomien*, *Bristol Conservatories* and one other authority. Neither side criticises his exposition of the law.
- 52. The judge noted at [54] that the first occasion on which Ms McIver had allegedly misrepresented that she created the Elixir serum was on 6 June 2018, which fixed the date

by which YNNY had to establish goodwill. He held at [55] that Ms Tang's business had acquired goodwill by that date.

53. The judge's reasoning with respect to goodwill and misrepresentation was as follows:

“56. The defendants pointed out that Ms Tang never traded under the names ‘Kate McIver’ or ‘Secret Weapon’, never used any of the own-brand labels used by Ms McIver and never traded as the creator of Elixir serum. She did not, but I fail to see the relevance of this. YNNY's case is that her business in sales of the serum acquired goodwill and that goodwill was associated in the public mind with the trade name ‘Elixir’. I find that this case is established.

57. Ms McIver began sales to her customers of the serum made by Ms Tang in October 2017. At that time and until April 2018 sales were made using the Original Label. Ms McIver switched to the First McIver Label in April 2018 and was still using the First McIver Label on 6 June 2018. Both the Original Label and the First McIver Label prominently featured the trade name ‘Elixir’. The significance of using that trade name was that Ms McIver thereby represented that the serum marketed by her was the same as the Elixir serum marketed by others, including Ms Tang. This representation was true.

58. Ms McIver's statement on 6 June 2018 that she had put her life and soul into researching and creating the ‘Kate McIver’ serum, can only have been taken as meaning that she had created the Elixir serum she was selling. No alternative was suggested. Thus, Ms McIver's express representation was that she was the creator of the Elixir serum. By inevitable implication, she also made the further representation that she was the creator of the Elixir serum sold by anyone else, including Ms Tang. Both the express and the implied representation were false. Ms McIver repeated these representations on 8 June and 1 October 2018. It was repeated by her again in her quoted comments in the Liverpool Echo on 1 December 2018 and in her radio interview the next day.

59. The misrepresentations continued at least until March 2019. From that date both the First and Second Pelham Reformulations were marketed. The Second Pelham Reformulation had many more changes than had been the case with the First Pelham Reformulation. However, use of the word ‘original’ still implied that it was a throwback to the earlier formulation. Also, as indicated above, a promotion using photographs of Danielle Lloyd were still used, which implied that the serum marketed after March 2019 had not significantly changed from that marketed in October 2018 – Ms Tang's serum.

60. I find that the changes made to the formulation of the serum that resulted in the Second Pelham Reformulation were sufficiently extensive for KMS to represent that it was no longer the Elixir serum created by Ms Tang. However, KMS continued to sell the First Pelham Reformulation and for the reasons I have given, the message presented by KMS in respect of both reformulations was that it was the same serum as had been sold as the Elixir serum. In my view, Ms McIver and KMS remained very attached to the attractive story of Ms McIver's having created their serum because of her efforts to recover from the effects of chemotherapy and through her own research conducted during her recovery from chemotherapy. They continued to state that this was the serum they were selling. This is supported by Kathryn Orr's interview for the Ladies of Liverpool podcast, the prominent use of 'Original' on the packaging and the repeated use of the Danielle Lloyd photographs to promote the product. I take the view that the misrepresentations continued after March 2019."
54. The judge dealt with the question of damage as follows:
- "64. YNNY relied on two heads of damage. The first was loss of sales, although this was based on no more than an inference that there must have been lost sales. I do not find that proved. On 30 November 2018 Ms McIver terminated her arrangement with Ms Tang with immediate effect so there can have been no lost sales from December 2018 onwards. Before that date it is possible that the misrepresentation led to an increase in Ms McIver's sales but that would have meant an increase in Ms Tang's sales. It is also entirely possible that any boost to Ms McIver's sector of the market for Elixir caused by her misrepresentations at any time was limited to that sector, having no significant impact on sales of Elixir through other channels; it just expanded the overall market before 30 November 2018 and/or afterwards. In short, the inferred loss of sales on the part of Ms Tang and/or YNNY was not established on the evidence.
65. YNNY was on stronger ground in its claim that there has been damage to the reputation of Elixir in the context of a skin serum, that there is a risk of this recurring and of loss of the distinctiveness of the Elixir brand name. There was evidence of at least one customer finding that the First Pelham Reformulation caused a skin break out. Continued branding by KMS of its product as 'original', which suggests that it is a return to the first formulation of Ms McIver's Elixir product, is likely to leave YNNY still exposed, at least to some degree, to quality issues in respect of KMS's product. Further, the misrepresentation up to the present and the possibility of continuing misrepresentation risks rendering Elixir as the name of a generic type of skin serum."

The appeal

55. The Defendants appeal on three grounds. Ground 1 is that the judge was wrong to find at [56] that YNNY owned goodwill “associated in the public mind with the trade name ‘Elixir’” because no such case had been pleaded. YNNY has no real answer to this ground, and I accept it. YNNY contends by a respondent’s notice that the judge ought to have found that goodwill was associated with YNNY’s product and with YNNY (as successor to Ms Tang) as the originator of that product. The Defendants have no real answer to this contention, and I accept it. Indeed, I think it is implicit in some of the judge’s reasoning, as I will explain below.
56. Ground 2 is that the judge was wrong to find that Ms McIver and KMS had made the misrepresentations set out in the judgment. There are a number of strands to this ground which I will take in turn.
57. First, the Defendants again complain that, insofar as the judge’s reasoning was based on use of the trade name Elixir, no such case had been pleaded by YNNY. Again, I agree with this.
58. Secondly, the Defendants dispute the judge’s statement in [58] that “no alternative” interpretation of Ms McIver’s 6 June 2018 Instagram post was advanced by them. Counsel for the Defendants said that he had advanced an alternative interpretation, namely that what Ms McIver had meant was that she had created the treatments her customers received rather than the serum itself. Counsel for the Claimants accepted that counsel for the Defendants had put this forward. As he submitted, however, the judge evidently did not regard counsel for the Defendants’ interpretation as a realistic alternative. The same complaint is made about the other statements relied upon by YNNY and the answer is also the same.
59. Thirdly, the Defendants submit that the judge failed to interpret the 6 June 2018 Instagram post and the other statements from the perspective of the relevant consumer, and therefore misinterpreted them. I do not accept this. Although he did not say in terms that that was what he was doing, the judge as a specialist in this area of the law will have been well aware of the need to view matters from the perspective of the average consumer. He clearly had the relevant section of the public in mind for the purposes of both the claim for passing off and a claim by YNNY for malicious falsehood, because he said as much at [69]. In any event, as counsel for YNNY pointed out, the Defendants have not identified any attributes of the relevant consumer that would have led them to interpret the statements in question in any different way to the judge. Misrepresentation in passing off cases is a question of fact: see Lord Oliver in *Reckitt & Colman* (cited above) There is no single meaning rule, and it is sufficient if a substantial number of consumers would be misled: see *Neutrogena Corp v Golden Ltd* [1996] RPC 43. In my view the judge was entitled to find that Ms McIver had misrepresented that she was the creator of the serum. Furthermore, even if the judge was wrong about the 6 June 2018 Instagram post, he was plainly right about most of the other statements relied on by YNNY.
60. Perhaps more importantly, the judge was also entitled to find in [59]-[60] that Ms McIver and KMS had misrepresented that the First Pelham Reformulation and the Second Pelham Reformulation were “the same serum as had been sold as the Elixir serum” i.e. the Tang Formulation.

61. Fourthly, the Defendants submit that, even if the statements complained of were false, the misrepresentations were not material because they did not give rise to any relevant deception of consumers. Whatever might be said about the misrepresentation that Ms McIver was the creator of the serum, I cannot accept this submission so far as the misrepresentation that the Reformulations were the same serum as had been sold as the Elixir serum is concerned. That involved deception of KMS's customers into thinking that they were getting the same product as before when in fact they were getting a different product. This falls squarely within the *Samuelson/Plomien/Bristol Conservatories* line of authority.
62. Ground 3 is that the judge was wrong to find that the misrepresentations were damaging to YNNY's goodwill. It is convenient before considering this to address YNNY's contention by way of its respondent's notice that the judge was wrong to hold in [64] that it had not established any loss of sales. YNNY points out that one of its pleaded heads of loss was loss of sales by YNNY to KMS. YNNY further points out that, although the judge said that "there can have been no lost sales" after 30 November 2018, he did not give any reasons for rejecting that claim as opposed to the claim that YNNY had lost sales through other channels. I suspect that this is because the judge thought that the reasons were obvious. As Stuart-Smith LJ pointed out during the course of argument, the misrepresentations may have facilitated KMS's sale of the Reformulations rather than YNNY's product, but they were not necessary to enable KMS to sell the former rather than the latter. In other words, the misrepresentations were not causative of any loss of sales from YNNY to KMS.
63. Turning to ground 3, this has two strands. First, the Defendants contend that it was not open to the judge to find damage due to a risk of genericisation of the name Elixir because, as discussed above, YNNY had not pleaded any case based on goodwill in that name. Again, I agree with this.
64. Secondly, the Defendants contend that the judge was wrong to find that there was a risk of damage to the reputation of YNNY's product, and hence to YNNY's goodwill. I do not accept this. The risk stems from the misrepresentation discussed in paragraphs 60 and 61 above. As the judge said, there is evidence that at least one customer (YNNY says five customers) found the First Pelham Reformulation unsatisfactory. Consumers who were deceived into thinking that this was the same product as YNNY's product would be liable to regard YNNY's product with the same dissatisfaction.

Copyright

65. There is no dispute that Ms McIver and KMS used some marketing materials written by Ms Tang on their website and in social media posts. Nor is there any dispute that copyright subsists in such materials as original literary works which is now owned by YNNY.
66. YNNY's pleaded case was that Ms McIver and KMS had infringed its copyrights in three ways: (i) copying the copyright works contrary to section 17 of the Copyright, Designs and Patents Act 1988; (ii) issuing copies of the works to the public contrary to section 18 of the 1988 Act; and (iii) possessing and/or exhibiting in public and/or distributing copies of the works contrary to section 23 of the 1988 Act. The third plea was defective on its face because no knowledge or reason for belief was pleaded, although no application was made to strike it out on this ground.

67. More importantly, the second plea was inapposite because the infringing acts complained of all concerned online use and did not involve tangible copies. Despite this, paragraph 40 of the Defence admitted that “the First Defendant and Ms Dymont have issued copies of certain of the materials ... to the public and made copies of such materials, where such materials appear on the Kate McIver website or on Kate McIver social media accounts”. No point was taken either in the Defence or by the Defendants at trial that the acts in question were only actionable under section 20 of the 1988 Act (communication to the public) and not section 18.
68. The only defence to infringement pleaded in the Defence, at paragraph 47, was that “for the period in which Ms Dymont was retailing the serum manufactured by Ms Tang she had an implied licence to use the marketing descriptions used by Ms Tang, including a licence to market the goods using any parts of that material in which Ms Tang owned the copyright”.
69. The judge dealt with this issue in his judgment at [82] as follows:
- “In my view there was a bare licence granted by Ms Tang to use that text. However, as conceded in the pleaded Defence, that licence ran only so long as Ms McIver bought her serum from Ms Tang. The licence came to an end on 30 November 2018. Use thereafter, if there has been any, was infringing use.”
70. In his order, the judge: (i) recited that YNNY succeeded in its claim for “any infringement of copyright after 30 November 2018”; (ii) accepted an undertaking by KMS not to infringe YNNY’s copyright in the works in question; (iii) ordered the Defendants to make and serve a witness statement “setting out to the best of their knowledge the use of the Claimant’s copyright materials since 30 November 2018”; and (iv) gave YNNY liberty to apply for a trial on quantum covering both copyright infringement and passing off.
71. The Defendants appeal on the ground that the judge should not have granted relief for copyright infringement without making any finding of copyright infringement. YNNY does not dispute this, but contends that the judge should have found that KMS had committed infringing acts after 30 November 2018. This contention should have been included in the respondent’s notice, but the Defendants sensibly took no point on that omission given that the contention was clearly advanced in YNNY’s skeleton argument.
72. In support of this contention, YNNY relies on the fact that, during the course of the trial, its solicitors ascertained that the social media posts complained of were still displayed on KMS’s account. This was drawn to the court’s attention, and the Defendants did not dispute it. Furthermore, Mr McIver accepted in cross-examination that he himself had not deleted any social media posts and did not suggest that anyone else had. YNNY contends that the continued availability of such posts after 30 November 2018 constituted a continuing infringement.
73. The Defendants do not dispute that the social media posts in question remained publicly accessible after 30 November 2018. Nor do they dispute that the posts targeted UK consumers. Instead, counsel for the Defendants argued that this was not a continuing infringement. In my judgment this contention is not open to the Defendants given (i)

the admission in paragraph 40 of the Defence, (ii) the Defendants' failure to take the point that the acts were only actionable under section 20, not section 18, and (iii) the Defendants' reliance upon implied licence as their sole defence. If the claim had been framed as one of communication to the public contrary to section 20, the availability of the posts after 30 November 2018 would clearly have constituted a continuing infringement.

Conclusion

74. For the reasons given above I would dismiss the appeal.

Lord Justice Stuart-Smith:

75. I agree.

Lady Justice King:

76. I also agree.