

**O/659/18**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF THE APPLICATION UNDER NO. 3235112  
BY ROBERT ALLAN TO REGISTER:**



**AS A TRADE MARK FOR GOODS IN CLASSES 1, 5 AND 29**

**AND**

**IN THE MATTER OF THE OPPOSITION THERETO UNDER NO. 410202  
BY CBD SCOTLAND LIMITED AND CHRIS MACKENZIE**

## BACKGROUND AND PLEADINGS

1. On 3 June 2017, Robert Allan (“the Applicant”) applied to register the figurative trade mark shown on the front page of this decision, in respect of the following goods:

<b>Class</b>	<b>Applicant’s goods</b>
1	Protein and hemp oil, both derived from hemp for use in the manufacture of a wide variety of goods.
5	Dietary and nutritional supplements; hemp protein powder for use as a nutritional supplement; meal replacement powders for medical purposes, meal replacement bars for medical purposes, meal replacement drink mixes for medical purposes and dietary supplement drink mixes, nutraceuticals for use as a dietary supplement, topical creams, gels, salves, sprays, balms and ointments for analgesic purposes; nutrition supplements in drop form, capsule form and in liquid form; edible hemp oil for use as a dietary supplement; hemp protein powder for use as a nutritional food additive for medical purposes; hemp oil as a nutritional supplement; hemp protein powder for use as a nutritional food additive for culinary purposes; fruit-based meal replacement powders, not for medical purposes.
29	Hemp oil; hemp oil for culinary purposes; edible oils and edible culinary oils; processed edible hemp seed; protein based nutrient dense nut and seed-based snack bars; fruit-based meal replacement bars and meal replacement milk based drink mixes, not for medical purposes.

2. The application was published for opposition purposes on 9 June 2017. Registration is opposed by CBD Scotland Limited and Chris Mackenzie (together “the Opponent”), based on grounds under section 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The opposition is directed against the whole of the application, the Opponent relying on claimed earlier (unregistered) rights arising from its use of the words “CBD Scotland” which the Opponent claims to have used throughout the UK since 2015 in respect of the following goods:

*Hemp oil and Cannabidiol tinctures and the retail and wholesale of Cannabidiol concentrates, tinctures and extracts, protein and hemp oil, dietary and nutritional supplements, hemp protein powder for use as a nutritional supplement, meal replacement powders for medical purposes, meal replacement bars for medical purposes, meal replacement drink mixes for medical purposes and dietary supplement drink mixes,*

*nutraceuticals for use as a dietary supplement, topical creams, gels, salves, sprays, balms and ointments for analgesic purposes, nutrition supplements in drop form, capsule form and in liquid form, edible hemp oil for use as a dietary supplement, hemp protein powder for use as a nutritional food additive for medical purposes, hemp oil as a nutritional supplement, hemp protein powder for use as a nutritional food additive for culinary purposes, fruit-based meal replacement powders, not for medical purposes, hemp oil for culinary purposes, edible oils and edible culinary oils, processed edible hemp seed, protein based nutrient dense nut and seed- based snack bars, fruit-based meal replacement bars and meal replacement milk based drink mixes, not for medical purposes.*

3. The Opponent's **statement of grounds** is as follows:

*“The Opponent started to use the Prior Mark in 2015 for the advertisement of the above goods and on 24th May 2016 in respect of hemp oil and Cannabidiol tinctures and the retail and wholesale of the remaining goods listed above. The Opponent thus has prior goodwill in the UK in respect of goods and services identical or similar to the goods covered by the Contested Mark. Since 2015, the Opponent has generated a significant amount of goodwill in the CBD SCOTLAND name for the sale of the above goods and the Prior Mark has achieved enhanced distinctiveness through extensive use by the Opponent throughout the UK. The word elements of the Contested Mark are identical to the Prior Mark. The goods and services are identical and similar. Therefore there is a high likelihood of confusion for all goods covered by the Contested Mark. Registration and use by the Applicant of the Contested Mark, for the same and similar goods, is likely to cause significant harm to the prior goodwill of the Opponent.”<sup>1</sup>*

4. The Applicant submitted a notice of defence and made the following **counterstatement**:

*“The Applicant started to develop the CBD Scotland brand in 2011, alongside his other brands, for the advertisement, procurement and retail of products and services related to Hemp Oil and Cannabidiol. This was formalised by the Applicant in the production of the current logo in March 2012. Documentation of this is available in the form of Invoices and*

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<sup>1</sup> The statement of grounds includes some terminology more associated with other grounds under the Act, rather than the requirements of passing off, but I note the claim as stated (above) and shall decide the matter on the basis of the requirements of section 5(4)(a) of the Act.

*Receipts from the artists who developed the logo. Furthermore, we are in possession of Invoice(s) dated on March, April and May 2012, from various companies regarding merchandise for the brand CBD Scotland, and also from a reputable seed bank which shows that we had purchased hemp seeds for growing under licence to produce Cannabidiol and related products which clearly states the brand name CBD Scotland. This significantly predates the claim by the opponent that he was advertising these goods in 2015. The applicant has developed significant prior goodwill in respect of the goods and services identical to that claimed by the opponent. The applicant has generated a significant amount of goodwill in the CBD Scotland name in the field of Hemp and Cannabidiol products and services.*

*The Opponent claims in previous correspondence that he was unaware of any use of our brand CBD Scotland prior to 2015. We have evidence to show that he was fully aware of our brand.*

*The Opponent is passing off the Applicant's mark as his own, claiming to trade when there is evidence that he was not and has not been trading prior to 31 July 2016 under the name CBD Scotland Ltd. This is likely to cause confusion with services and goods identical and similar. The Opponent's opposition to the Applicant's mark is vexatious and malicious, in a deliberate attempt to disrupt the Applicant's business of which he is a competitor. This is likely to cause significant harm to the prior goodwill of the applicant."*

### **Representation and papers filed**

5. Trade Mark Direct acts for the Opponent in these proceedings; the Applicant acts without professional legal representation. I summarise below and comment on what the parties filed during the evidence rounds and refer to particular points where appropriate elsewhere in this decision. Neither party requested an oral hearing and I take this decision based on a careful reading of all the papers filed.

### **Section 5(4)(a) of the Act**

6. Section 5(4) of the Act states at paragraph (a) that "*a trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or*

*other sign used in the course of trade*". The section also states that "a person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of "an earlier right" in relation to the trade mark."

7. The common law tort of passing off has three, cumulative, component parts as follows<sup>2</sup>:
  - (1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
  - (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and
  - (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.
8. I shall return to consider the above component elements of passing off in the context of the facts of this case, once I have set out relevant parts of the evidence.

### **Relevant date**

9. Before I give my account of what I consider relevant parts of evidence, I find it helpful to consider at this early stage the relevant date (or dates) for the purposes of determining the outcome of this opposition. The Opponent is claiming an earlier right in relation to the Applicant's mark, as provided for by section 5(4)(a) of the Act. The onus is on the Opponent to satisfy the Tribunal that its unregistered sign would have been protectable by virtue of the law of passing off before the relevant date. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*,<sup>3</sup> Mr Daniel Alexander QC, as the Appointed Person, approved the summary given by Mr Allan James in *SWORDERS TM*<sup>4</sup> as to how to calculate the relevant date for the purposes of s.5(4)(a), which was as follows:

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<sup>2</sup> See Halsbury's Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165, where the analysis of the law of passing off is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townsend & Sons (Hull) Ltd* [1979] AC 731.

<sup>3</sup> BL O-410-11

<sup>4</sup> BL O-212-06 – at paragraph 148

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

10. The Applicant applied to register its mark on 3 June 2017, so my decision will first consider whether the Opponent had goodwill in relation to CBD Scotland on that date. However, since the Applicant’s defence is that it has been using its mark since around 2012 it may therefore also be necessary to determine whether the Opponent had goodwill in relation to CBD Scotland at the time when the Applicant’s evidence indicates that Mr Allan started to use the applied-for mark. I will return to this point to the extent that it proves necessary to do so.

## **THE EVIDENCE**

11. The **Opponent** filed **evidence in chief**, comprising a **Witness Statement** by **Chris Mackenzie** dated 18 December 2017, with Exhibits 1-12; the **Applicant** filed evidence, comprising a **Witness Statement** by **Robert Allan** dated 10 March 2018, again with Exhibits 1-12<sup>5</sup>. The Applicant’s evidence included submissions challenging elements of the Opponent’s evidence in chief. The Opponent in turn filed its own observations in reply<sup>6</sup>. I have read all the evidence and note the following points.
12. This is a dispute between parties who are both involved in businesses that sell products based on cannabidiol – or “CBD” - oil. Both parties are based in Scotland and are known to one another. For example, the Opponent attended a gathering on 21 May 2014, in the boardroom above the Applicant’s hydroponic business in Hamilton, where according to the witness statement by the Applicant, it was emphasised that attendees were to consider the information shared at the meeting to be proprietary and trade secrets. The Opponent’s

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<sup>5</sup> However, the Registry notified the parties that the Applicant’s Exhibit 11 was excluded from the proceedings of since it was not filed in an acceptable format.

<sup>6</sup> The Opponent’s submissions included Exhibits 13(1)-(3), which the Registry advised were not filed in the appropriate format. The Opponent did not take the opportunity to re-file accordingly and the Registry advised the parties that that evidence will not be given any weight by the Hearing Officer.

witness statement claims that the retail of CBD products was not mentioned (since CBD was not at that stage available in format legal to purchase in the UK<sup>7</sup>). By contrast, according to the Applicant's evidence<sup>8</sup>, at that meeting the Applicant laid out to those assembled his plans to develop several related businesses in this field. Those businesses included "a coffee and head shop" called "Zen Kitty" to provide smoking and vaping equipment, plus food and beverages including CBD edibles under the name "CBD Scotland", the CBD oil in those edibles to be extracted from plants grown by the Applicant's Hamilton hydroponic business. According to the Applicant's evidence, the Applicant's CBD Scotland trade mark was posted on display at the meeting as well as being named in the presentation. Whatever the actuality of what was or was not explicitly stated or shared by the Applicant, or what was or was not absorbed by the Opponent, it seems clear from the Applicant's evidence<sup>9</sup> that the Applicant has subsequently made at least some use of its applied-for mark in relation to CBD goods, including CBD edibles sold from the Zen Kitty outlet.

13. Central points in dispute in the evidence filed include: firstly, whether the Opponent's use is sufficient to have established a reputation and goodwill among relevant consumers, such that the Opponent has an effective earlier right to prevent registration of the Applicant's mark; and secondly to what extent and from what points in time have the parties' respective businesses used the words 'CBD Scotland' in trade to indicate the source of the goods or services at issue (and therefore who has the legitimate claim to be the senior user of the sign). The first of those points is the more pivotal to this decision, since if the evidence has not shown that the Opponent has in fact generated sufficient goodwill in those words, then it becomes irrelevant whether or not the Applicant may itself have a legitimate claim to be the more senior user.
14. Mr Mackenzie is director and owner of CBD SCOTLAND LTD, which was incorporated on 24 July 2015. He sells CBD goods from a former police box on a busy street in the city centre of Glasgow, the business there operating as "CBD TARDIS". The Opponent's evidence includes reference<sup>10</sup> to "CBD Scotland" supplying "*CBD TARDIS and various other CBD retailers in the UK and some overseas*".

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<sup>7</sup> ie less than 0.2% THC

<sup>8</sup> See Witness Statement of the Applicant and the witness statements filed as Exhibits 6(1), 6(2) and 6(3).

<sup>9</sup> See for example Applicant's Exhibits 5(5) - 5(14), 6(2), 6(3), 6(6)

<sup>10</sup> Exhibit 2(2)

15. The Opponent registered the web address [www.cbdsotland.co.uk](http://www.cbdsotland.co.uk) on 12 January 2016 (**Exhibit 12**). Mr Mackenzie also states that he opened a CBD SCOTLAND bank account, set up an online shop at [www.CBDSCOTLAND.ECWID.COM](http://www.CBDSCOTLAND.ECWID.COM) and printed CBD Scotland business cards. **Exhibit 5** shows Vistaprint orders dated March – August 2016 for business cards, which screenshots show to be headed CBD SCOTLAND LTD, below which are the words HEMP DISPENSARY or, for two of the three orders, CBD TARDIS - HEMP DISPENSARY, along with SHOP ONLINE: [www.cbdsotland.ecwid.com](http://www.cbdsotland.ecwid.com), LIKE US ON FACEBOOK: [www.facebook.com/CBDTardis](http://www.facebook.com/CBDTardis) and with business contact details for Chris Mackenzie. The right-hand half of the business cards is dominated by a representation of the Dr Who-style police box / Tardis, with the letters CBD covering one side of that image.
16. The evidence therefore indicates that the Opponent has, at least since 24 July 2015, taken steps to develop the basic underpinnings of a business in the name of CBD Scotland – it is incorporated, it has a website domain (since 2016), it has business cards. However, it is not clear whether or to what extent that company name has operated to generate goodwill in the claimed goods and services. It seems to me that the greater impression from the evidence is that the consumer will more readily have encountered the goods and services as primarily from CBD TARDIS (which is said to have started trading in June 2015). Nonetheless, the Opponent argues that it has “*significant prior goodwill in the contested mark for the sale of cannabis goods*”; its evidence therefore warrants close consideration, as I set out below.
17. **Exhibits 2(1) – (4)** are said to be screen shots from the Opponent's Facebook page claiming to show use of CBD SCOTLAND in the form of the URL link [www.cbdsotland.ecwid.com](http://www.cbdsotland.ecwid.com). That use is said to be since 20 May 2015, but I did not find those exhibits clear on its dates and I note that the Opponent states (in its submissions in reply) that the online retail platform was set up and commenced trade on 25 January 2016. The earliest evidence of a date in this exhibit is from **Exhibit 2(1)**, where I note the presence of that website URL within the exhibit (seemingly in the comments section) and where a comment is date-marked 10 April 2016. However, beyond that small link, there are no wider references in the Facebook page to the CBD Scotland mark and the Facebook page is shown to be that of CBD TARDIS. **Exhibit 2(2)** appears to be a Facebook page that is that of CBD Scotland, but it seems that the CBD Scotland Facebook account was created on 31 May 2017. I note that this exactly coincides with the date given in Mr Mackenzie's own witness statement on which he had



contacted the Applicant (at Zen Kitty) with regard to the Applicant's use of its own mark on CBD edibles sold by Zen Kitty, and just a few days before the relevant date (the application date). **Exhibit 2(4)** includes a positive review of the service provided by Mr Mackenzie, but that consumer review clearly relates to CBD TARDIS.

18. **Exhibit 3** comprises 15 pages of screen shots stated to be from the Opponent's website at "www.cbdsotland.ecwid.com" (although almost all of the pages show the URL as www.ecwid.com/store/cbdsotland - none shows the domain name www.cbdsotland.ecwid.com as claimed in the witness statement, although one begins https://cbdsotland.ecwid.com). Various products are shown to be for sale (being tinctures of CBD oil, CBD vape oil and various edible products containing CBD) and are listed in the small print description to be sold under the brand name CBD SCOTLAND. This is potentially a relevant piece of evidence for the Opponent, however, no dates are shown, although for Exhibits 3(2), 3(3) 3(5) and 3(6), the (ecwid) webpages' copyright is shown to be 2016-2017. Moreover, in his witness statement, Mr Allan takes issue with the evidence in this exhibit on various fronts:

- He contends that the brand name "CBD Scotland" references seen within Exhibit 3 were entered on or after 31 May 2017. I note that the Opponent does not directly address this contention in his observations in reply during the evidence rounds, which I find casts serious doubt on the evidential relevance of the exhibit, since if the website only listed the brand in that way at that date, that is barely 3 days before the Applicant applied for its mark (the relevant date).
- He also refers to the copyright notice on the website showing "*© 2016-2017 CBD Tardis Online, which shows that trade could not have occurred online prior to 2016.*" I agree with that point in relation to the exhibits that bear that copyright mark. I recognise the possible alternative explanation that if the website had been re-written in 2016 then the copyright notice might only relate to the re-write. However, the Opponent has made no such submission and I find that the website does not appear to have traded before 2016.
- He denies that the products listed are branded "CBD Scotland" as the Opponent claims, arguing that "*this can be seen in some photos where it is claimed to be CBD Scotland brand, yet there is no mention of CBD Scotland on the actual product, but rather there is*

*another brand name instead.*” I could not see another brand on any of the products shown, although I agree that none of the images shown shows the CBD Scotland brand on the packaging of products, only listed in the description. However, I note that most of the images are of the physical products themselves (capsules and Gummy Bears etc) and show no branded packaging at all. I also note that it may be possible to demonstrate goodwill associated with a sign, irrespective of whether the goods themselves (or their packaging) are directly branded with sign.

19. **Exhibit 4** is said to be screen shots from the Opponent's online e-commerce store at 'ecwid' showing total sales of £27,690.81, said to be the total of orders from 25 January 2016 (although only figures from February to April 2017 are provided). This exhibit includes a reference to 505 sales, but shows no direct reference to CBD Scotland, although it does refer to CBD TARDIS (and to Chris Mackenzie) and to the same types of products as referenced at Exhibit 3. I do not find that this exhibit effectively demonstrates sales under the CBD Scotland brand. The Applicant points out in his evidence<sup>11</sup> that the Opponent (CBD Scotland Limited) filed dormant accounts up to 31 July 2016; the Opponent replies to that point by reiterating that Chris Mackenzie originally traded as a sole trader under the CBD Scotland mark through his business CBD TARDIS from June 2015 before trading through the company CBD Scotland Limited. Whilst I note that point by the Opponent, it does not overcome the flaw in this exhibit that it fails to contain any direct reference to the CBD Scotland brand.
20. **Exhibit 6** is said to be a photograph of the Opponent's store front in Glasgow, which shows a chalk board promoting CBD TARDIS HEMP DISPENSARY. The chalk board leans against a police box, and right at the foot of the board, in small writing is shown the URL [www.CBDScotland.ECWID.com](http://www.CBDScotland.ECWID.com). Nothing indicates the date of the photograph, so I find that the exhibit carries no evidential weight.
21. **Exhibit 7** is a sample of invoices that include the name CBD SCOTLAND. The first is dated 5 July 2016 and is in the sum of £957.91 – it relates to “tinctures” and “CBD LAB”; the second, is dated 7 March 2017 in the sum of £2,465 – it relates to 5, 10 and 25% oils. However, those two invoices only show CBD Scotland (the company) being billed for those

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<sup>11</sup> Supported by Applicant's Exhibit 8

items, not selling them. The third invoice is dated 15 December 2017 in the sum of £2,371.35 and relates to hemp oil. Again, the invoice appears to be billing to CBD Scotland Ltd (this time by FedEx). The fourth is dated January 25, 2016, relating to a sale of £60 of CBD oral products, referencing both CBD TARDIS Online (more prominently) and CBD Scotland Ltd. The order description makes no mention of brand.

22. **Exhibit 8** is a screen shot apparently from accounting software relating to CBD Scotland Ltd's income, expenses and net income for the fiscal years 2016 and 2017 which the witness states to be "under the CBD SCOTLAND brand". 2016 shows an income of nearly £42, 000, expenses of around £39,500 (presumably subsequent to its filing dormant accounts); 2017 shows an income of nearly £135, 000, expenses of around £126,000. It is not clear what proportion of the 2017 figures fall before the relevant date, and, crucially, nor is it possible to say from the exhibit to what extent the income to the company CBD Scotland Ltd is attributable to products sold under or by reference to CBD Scotland "brand". It simply shows that the Opponent's company has had income and expenses. It therefore has little or no evidential relevance.
23. **Exhibit 9** is said to be "*a list of some of the events at which the Opponent attended to promote the brand CBD SCOTLAND and its retail through CBD TARDIS*" - from 5 August 2016 – 22 July 2017. Seven events are listed, six with YouTube clips. I have not accessed the links, but I note that the exhibit comments to the effect that the clips show Mr Mackenzie / CBD Tardis at those events, providing sponsorship at some and handing out business cards that include "*CBD Scotland as the company name*". This evidence could at the very most indicate distribution of the business cards considered in Exhibit 5, from August 2016 to 22 July 2017, noting that that period extends beyond the relevant date.
24. **Exhibit 10** is said to be "*a sample order invoice showing goods ordered by the Opponent for sale under the CBD SCOTLAND brand*". The invoice is dated 16 August 2017, shows the value of \$27,055 and addressed to Chris Mackenzie. Precisely what the goods are is not clear - there are references suggesting they include tinctures, vape oils, wax crumble, but it entirely unclear how the goods will be branded. Moreover, the exhibit post-dates the relevant date. The exhibit has no evidential value in these proceedings.

25. **Exhibit 11** shows two (undated) screen shots showing Google results against the key words CBD + SCOTLAND. The results include CBD TARDIS Online Ecwid. This is unsurprising, but does not show use of the CBD Scotland mark, but is rather a result of the fact that each of those two terms are undeniably descriptive in relation to matters involving CBD in Scotland. The exhibit has no evidential value in these proceedings.

## DECISION

26. I have previously set out the provisions of section 5(4)(a) of the Act, relied on by Applicant, and outlined too the three components essential to sustain a claim of passing off, namely: goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Opponent to satisfy the Tribunal of all three limbs<sup>12</sup>. I now return to consider those component parts in light of applicable case law and the evidence in this case.

## Goodwill

27. Goodwill has been described<sup>13</sup> as “*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.*” As to establishing the necessary goodwill, I note the words of Pumfrey J. in *South Cone Incorporated v Jack Bessant*<sup>14</sup>, where he stated:

*“There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see Smith Hayden & Co. Ltd's Application (OVAX))*

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<sup>12</sup> See, for example, paragraph 55 of the judgment of Her Honour Melissa Clarke, sitting as a deputy Judge of the High Court, in *Jadebay Limited, Noa and Nani Limited Trading as the Discount Outlet v Clarke-Coles Limited Trading as Feel Good UK* [2017] EWHC 1400 IPEC.

<sup>13</sup> House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL)

<sup>14</sup> *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC) at paragraphs 27 and 28 of that ruling.

(1946) 63 R.P.C. 97 as qualified by BALI Trade Mark [1969] R.P.C. 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

*Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur."*

28. In *Hart v Relentless Records*<sup>15</sup>, Jacob J. (as he then was) stated that:

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

29. This does not mean that a small business is incapable of establishing goodwill. Even though its goodwill may be modest, a business can protect signs which are distinctive of that business under the law of passing off: see *Stacey v 2020 Communications Plc*<sup>16</sup>. It is also the case that a relatively short period of time may be sufficient to build up goodwill, as Buckley J found in *Stannard v Reay*<sup>17</sup>.

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<sup>15</sup> [2002] EWHC 1984 (Ch) at paragraph 62 of that judgment.

<sup>16</sup> [1991] FSR 49

<sup>17</sup> [1967] FSR 140

30. More recently, in *Lumos Skincare Ltd v Sweet Squared Ltd*<sup>18</sup>, the Court of Appeal upheld a claim for passing off based on the claimant's use of the mark "LUMOS" for around three years before the defendant's use of the same mark, even though sales volumes and turnover were modest. In that case, the Claimant sold skincare products under the name LUMOS and alleged passing off by the Defendants' sale of nail care products under the same name. Both parties sold their products to beauty salons whose technicians used the products on their customers. The claimant's products sold for between £40 and £100 each and between early 2008 and September 2009, the claimant had achieved a turnover of around £2,000 for quarter. From the latter date up until the relevant date in October 2010, the claimant's turnover increased to around £10k per quarter. Even so, the business remained a very small business with a modest number of sales, yet the court was prepared to protect the goodwill in that business under the law of passing off. Each case turns on the individual facts found in the evidence.
31. In the paragraphs below, I consider the evidence (as I have set out) in the context of the legal principles and guidance outlined above, in order to determine whether it has been demonstrated that, by 3 June 2017, when the Applicant filed for its mark, the Opponent had generated goodwill in the market for the sign "CBD Scotland" in relation to the claimed goods and services sufficient to sustain a claim of passing off.
32. Use of the sign appears to arise only from the Opponent's company name and inclusion in website URLs, which on the Opponent's evidence limits its use to a relatively short period of time before the date on which the Applicant applied for its trade mark. The evidence shows that the company filed dormant accounts up to 31 July 2016, which indicates that the longest it could have been trading is eleven months up to the relevant date. While I note the Opponent's contention<sup>19</sup> to have used the mark as a sole trader through his business CBD TARDIS, nothing in the evidence leads me to find such use generating goodwill. There is no supporting evidence for the Opponent's claim to have used its sign from as early as May 2015; the company was incorporated in July 2015 and the evidence only shows references to the sign as from 2016.

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<sup>18</sup> *Lumos Skincare Ltd v Sweet Squared Ltd, Famous Names LLC and Sweet Squared (UK) LLP* [2013] EWCA Civ 590

<sup>19</sup> See the Opponent's witness statement and its submissions in reply.

33. The Opponent is not “an old-established business” as referenced in connection to goodwill in case law, but even allowing for the possibility that goodwill may be generated in a relatively short period of time, the evidence filed as to promotion and use of the sign “CBD Scotland” overall is weak.
34. *The business cards:* as early as March 2016, the words feature on the evidenced business cards, showing as the name of the limited company and as part of the URL for the online shop, [www.cbdsotland.ecwid.com](http://www.cbdsotland.ecwid.com) - although those same business cards also strongly promote the CBD Tardis and serve to give the contact details for the Managing Director (the Opponent). The fact that business cards may have been ordered and printed (the quantities are unclear) is not evidence of effective distribution and promotion of the sign to relevant consumers, still less of resultant goodwill.
35. *The Opponent’s website:* the sign appears as the core of the website domain [www.cbdsotland.co.uk](http://www.cbdsotland.co.uk) that the Opponent acquired in 12 January 2016 – but there is no evidence at all relating to deployment of that site to promote the sign.
36. *Facebook:* The Opponent’s Facebook evidence is weak, as I have described (**Exhibit 2**), and relates primarily to the CBD TARDIS Facebook page - none of which anyway suggests significant notable exposure by that means (not in terms of subscribers/friends, reviews or ‘likes’).
37. *The online shop:* the sign features within the ewcid URL for the online retail site, which is shown to be present on the business cards, in the comments section of the Facebook page of CBD TARDIS in April 2016 and in small handwritten text on an undated chalkboard in front of CBD TARDIS. This is very weak evidence of promotion of the sign. The Opponent claims that the online shop commenced trade on 25 January 2016. Such a source could potentially furnish clear evidence of promotion of relevant goods under the sign, but on my analysis of **Exhibit 3** it fails to do so as the brand references in the listings descriptions appear to have been inserted only days before the Applicant applied for his mark.
38. The online shop might also have potentially furnished clear evidence of sales under the mark during the relevant period. However, although **Exhibit 4** contains a reference to 505 orders and sales of £27,690.81, its evidential value is undermined by the absence from the exhibit

of clear dates and especially by the absence of any reference to the CBD Scotland brand (references instead being to CBD TARDIS).

39. The only evidence of a sale that mentions CBD Scotland is **Exhibit 7(4)**, for £60 of product in January 2016, where the CBD goods are not branded with reference to that sign, and the sale is shown to be through CBD TARDIS online, the sign appearing only in a secondary and less prominent role as the name of the limited company. The other invoices in **Exhibit 7** are in respect of sales to the Opponent. Whilst the relevant consumer for the purposes of passing off may include trade users as well as end-users, the suppliers of the goods in the invoices to the Opponent company are not customers of the Opponent, rather the Opponent company is a customer of its suppliers. The company name of the Opponent as a consumer does not here operate to generate goodwill in the sign CBD Scotland.
40. The Opponent's evidence refers to CBD Scotland supplying "*CBD TARDIS and various other CBD retailers in the UK and some overseas*". However, nothing in the evidence clearly shows that to be case. Even if I were to accept that CBD Scotland Limited supplied CBD TARDIS (Mr Mackenzie's other business), the Opponent has filed no evidence at all of CBD Scotland supplying other CBD retailers.
41. There is no cogent evidence either from trade or from the public as to the reputation or goodwill arising from the use of the sign by the Opponent. Goodwill attaches to trading and is the attractive force which brings in custom, yet the evidence is insufficient to find that "CBD Scotland" is the distinguishing feature with which consumer and customers would associate the goods and services provided by the Opponent; rather it seems to me that they will more likely have understood such goods and services to have been provided by CBD TARDIS. Even noting that the Lumos skincare case shows that modest levels of sales may suffice for goodwill, here the evidence on sales is significantly weaker, both in clarity and extent. I find that the evidence fails to show a clear nexus between the use of the Opponent's claimed earlier sign, any resultant sales and the perception among consumers as to the source of the claimed goods and services.
42. I therefore find that the Opponent has failed to show that it had generated goodwill in the market for the sign "CBD Scotland" in relation to the claimed goods and services that is more than trivial and sufficient to sustain a claim of passing off. Since the Opponent has demonstrated no sufficient goodwill by the relevant date of 3 June 2017, when the Applicant



filed for its mark, then clearly on the evidence it cannot have generated goodwill at an earlier point than that, when the Applicant claims to have started to use it applied-for mark. There is therefore no reason for my decision to deal with the evidence from the Applicant and its claims to be the senior user. I do note, however, that the Applicant's evidence contained witness statements from various consumers who state that although they have encountered Mr Mackenzie and even purchased goods from him, the goods were not marked as CBD Scotland and that "everybody knows him as the CBD TARDIS"<sup>20</sup>. While this is hearsay evidence and I do not afford it undue weight, those witness statements filed by the Applicant at least align with my findings based on the Opponent's own evidence.

43. Since the Opponent has failed to show that it had acquired the necessary goodwill at the relevant date, its claim under section 5(4)(a) of the Act must inevitably fail. There is therefore no good reason for me to consider the other limbs – misrepresentation and damage – necessary to establish a claim based on passing off. **The opposition fails.**

### **Costs**

44. The Applicant has successfully defended against this opposition and I need to consider a contribution towards its costs. On completion of the evidence rounds, the Registry sent to the Applicant an official letter dated 8 June 2018, advising him, as a litigant in person (having no professional legal representation), that if he intended to make a request for an award of costs, he would need to complete and return by 22 June 2018 the provided pro-forma, otherwise no costs would be awarded. The letter explained the sort of breakdown of costs needed and referred to the hourly compensation rates for litigants in person. The Applicant returned no such completed pro-forma and I therefore make no order for costs in this case.

**Dated this 17<sup>th</sup> day of October 2018**

Matthew Williams  
**For the Registrar**

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<sup>20</sup> See the Applicant's Exhibits 6(1), 6(2), 6(5) and 6(6)