



UK Company Name Squatters Review of decisions by Company Names Tribunal 2008 to 2016

Background

The UK Company Names Tribunal has decided over 700 cases since the procedure was set up in 2008.

The Tribunal deals with disputes about opportunistic company names registered at UK Companies House. This is where there is a claim that a name was registered for the primary purpose:

- of preventing someone else with a legitimate interest from registering it; or
- to demand payment from them to release it.

An analysis of these cases provides some useful lessons for brand owners who find themselves troubled by company name squatters.

It also highlights important issues for companies with genuine businesses who find themselves facing an objection to their name.



The Company
Names Tribunal

Statistics

The following table analyses the reasons for the decisions by the UK Company Names Tribunal between 2008 and 2016

	SUCCESS REASONS			FAILURE REASONS				TOTAL
	No defence Win by default	No valid defence	Success	No goodwill	Operating defence S69.4b	Different name	Good faith S69.4d	Column1
2008	3							3
2009	60	7		1	2			70
2010	65	3	2		1		1	72
2011	41	1	1	3				46
2012	62	1	3	1	2		1	70
2013	70	2	2	1	1		1	77
2014	91	4	3		4			102
2015	116	2	3	1			1	123
2016	123		3	1		1		128
Total	631 (91.31%)	20 (2.89%)	17 (2.46%)	8 (1.16%)	10 (1.45%)	1(0.14%)	4 (0.58%)	691

Most brand squatters fail to submit any defence

The most striking point to note is that in around 90% of the cases, the brand owner was successful, as the brand squatter made no attempt to defend their application – probably in the knowledge that they had no legitimate right to the name in the first place.

Some of the brand owners most actively raising objections have been Intel with over 40 cases, IBM (13), Axa (9), Virgin (5) and Lego (6 cases) since January 2014.

Many undefended cases have involved obviously opportunistic names, such as Nokia Limited and Adidas Cosmetics Limited. However, companies have also successfully objected to undefended names that were not quite as similar e.g. Aldif Enterprise LLP was objected to by Aldi and Lion Dragon's Coca-Cola Limited by Coca Cola.

The number of undefended cases has doubled from 60 in 2009 when the procedure was established to 123 in 2016.

Squatters often fail to defend their company name

Similar company names are sometimes genuine, but in some cases the company fails to raise a robust defence.

In the case of newish companies, the company is often not represented by a lawyer and sometimes fail to file an adequate defence, or evidence within the deadlines, and so, in practice, 20 other cases were won since 2009, for this reason.

Some companies like to invent their own defences! Two examples of poor 'home made' defences which failed were:

- as UK Companies House has given us the name, it should be acceptable to use it; and
- since the complaining party has not tried to buy the rights off us, they should not be entitled to get the name changed.

Of the defended cases in the last 3 years, 16 objections were successful and 8 were unsuccessful.

Overall, 97% of all actions brought since 2008 have been successful.

How similar is the name?

If you believe that someone is trying to take advantage of your brand, then in order to raise a successful objection the name objected to must be the same as a name associated with the complainant, or sufficiently similar, so its use will be likely to mislead by suggesting a connection.

Names that were said to be sufficiently similar included:

- Kraken Vaping Ltd and Kraken eCigs;
- Capita and Trustcapita;
- IBM and IIBM; and
- Babcock and Babcocks Project Services.

Adding the element Limited, UK, or 'The' will not make a company name different.

What dissimilar company names were allowed?

It is rare for the Tribunal to declare a new company name to be dissimilar in a contested case. The names Axa and Axals were said to be different.

Who owns the goodwill?

If you wish to object to a company name, you must show that you have goodwill and a reputation in a name that is sufficiently similar. It is not necessary to have a registered trade mark.

On one occasion, a brand owner failed to prevent a company registering a similar name where an individual director brought the action in their own personal name, but the goodwill belonged to their company.

In another case, those objecting had no goodwill, as they had not yet started trading.

Genuine operations

An objection can be defended, if the company can show that they have been 'operating' under the name in a public-facing way.

This was accepted as a good defence in over 40% of the successfully defended cases (10 of 23 cases).

'Operating' is likely to include issuing invoices, or evidence of bank statements showing entries for wages, receipts and payments to suppliers, or tax return correspondence, or press advertisements.

In one extreme example, a skip company lost on this basis where its objection began "I object to this name as it is trading in the same area as my company". – thereby admitting in its objection that the other company was operating.

The defence that the company is "operating" can be successfully overcome by the complaining party, if they can show that the main purpose of the party in registering the company name was to obtain money, or other consideration from them, or to prevent them from registering the name. This issue arises surprisingly rarely in reported decisions of the contested cases. Where it is raised, the complaining party generally fails to show that the "main purpose" of the registration of the company name was to gain money. The mere fact that, at some later stage, an offer to purchase the name is made does not necessarily mean that the main purpose for incorporating was to obtain money. Often in such cases, the company is able to show that they acted in good faith and did not register the company name with a view to selling it.

Adopted in good faith

This defence is commonly raised in defended cases, but rarely successfully. One exception was where Mr Georgiades, described as 'a young man inexperienced in the practical business world' was held to have acted in good faith in setting up IIBM Ltd. He said that it was intended to be an acronym for Innovation in Business Management, and not due to the name IBM. Despite the similarity in the names, he could assert this defence successfully.

By contrast, an example of a lack of good faith would be registering the name of a company containing the name of a foreign manufacturer with which you have had dealings in the past, without that company's consent. This was seen in OLFA Corporation's successful objection to OLFA Limited, whose director had been a non-exclusive UK distributor 9 years previously for their Japanese blade cutters.

Other defences?

Another defence that the interests of the complaining brand owner are not "adversely affected to any significant extent" seems to have failed each time it is raised. Those defending an objection have argued that they operate in a different part of the UK, or in a different business sector. The Tribunal responds that a company name could be used for a business operating anywhere in the UK and in any area of business in the future, so there is the risk of an adverse effect.

Company name tribunal proceedings or infringement or passing off proceedings?

The Tribunal is not intended as a cheap alternative, or replacement to passing off, or trade mark infringement proceedings. It deals with opportunistic registrations of company names, or company name squatting.

If the new company is operating, or has incurred substantial start-up costs and they were not set up with the main purpose of obtaining money from the applicant, or to prevent them from registering the name, then proceedings in passing off, or trade mark infringement are likely to be the better way forward.

The Tribunal has said that it might seem odd that activities which might constitute passing off provide a defence to an action in the Tribunal, but this is because their procedures are intended to provide redress against brand squatting, i.e. holding a company name without using it.

Those considering action should therefore try and establish if the name is in use. They should also give notice to the other party of their intention to bring proceedings, if they wish to recover legal costs.

Can legal costs be recovered in the Company Names Tribunal?

The Tribunal does award legal costs in such proceedings and the average sum in contested cases has been around £1,600 in the decisions in the last 3 years.

Average costs awards in undefended cases have been around £800. In practice, it may be very difficult to recover any payment from a newish company that does not operate, or their directors.

In summary

In conclusion, following successful actions in around 97% of cases, the UK Company Names Tribunal is worth considering for tackling opportunistic brand squatters, provided you can show the necessary goodwill and a similar name and do not believe that any defences are applicable.

Please do not hesitate to contact us, if you have questions concerning UK Company Name Tribunal claims. trademarks@pagewhite.com



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