

**Companies Act 2006**  
**In the matter of application Nos. 606, 607 & 608**  
**By Tesla Motors, Inc**

**For a change of the company name of registration**  
**Nos. 07610469, 08192988 & 07510662**

**Background, claims and defences**

1. These are consolidated proceedings involving three company names, as follows:

- i) Registration 07610469 – Tesla Cars (UK) Ltd (registered since 20 April 2011).
- ii) Registration 08192988 – Tesla Motors Europe Ltd (registered since 28 November 2012<sup>1</sup>).
- iii) Registration 07610662 – Tesla Cars Europe Ltd (registered since 20 April 2011).

2. We will refer to the three companies, collectively, as “the respondents”, but will differentiate between them when it is necessary to do so.

3. By applications filed on 25 July 2013, Tesla Motors, Inc (hereafter ‘the applicant’) applied for changes of name of all three companies under the provisions of section 69(1) of the Companies Act 2006 (‘the Act’), which state:

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

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

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

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

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

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

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

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<sup>1</sup> The company was actually incorporated on 28 August 2012 under the name Tesla Motors (UK Ltd), but its name was changed on 28 November 2012 to Tesla Motors Europe Ltd.

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

(b) that the company—

(i) is operating under the name, or

(ii) is proposing to do so and has incurred substantial start-up costs in preparation, or

(iii) was formerly operating under the name and is now dormant;  
or

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

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

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

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

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

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

(7) In this section “goodwill” includes reputation of any description.”

4. The applicant claims that its group of companies are world famous innovators of electric motor vehicles. It claims that the use of Tesla commenced in 2003 in Silicon Valley, California, and that over the last ten years it has become one of the most recognisable electric motor vehicle companies in the world. It claims that the word Tesla has acquired substantial goodwill and reputation in the UK and elsewhere and that Tesla cars have won several awards including Motor Trend Car of the Year for 2013. Further details and supporting exhibits relating to the applicant’s use of Tesla are provided in its statement of case and accompanying materials, but we will not detail them here as it is mirrored in the applicant’s evidence, evidence which we will come on to shortly. The applicant has found no use of any of the respondents’ company names. It considers that if the respondents were to operate under the names then passing-off/confusion will arise. It claims that the respondents must have known of the applicant’s goodwill and reputation and that the names were not adopted in good faith. The applicant states that the differences between the word Tesla and the respondents’ names reside in non-distinctive elements, so that a

connection will be made between it and the respondents. The applicant wrote to the respondents prior to filing its applications, highlighting to the respondents its use of Tesla. The applicant seeks a change of the respondents' names to names that are not offending names, namely, ones that do not contain the word Tesla or anything similar to that word.

5. The respondents filed notices of defence, which were written by Mr Alexander Obradovic, their Director. The defences contain a number of points including that:

- i) The company names were accepted and approved by Companies House.
- ii) The companies are currently dormant so cannot affect the applicant, and that there will be no confusion.
- iii) The companies have incurred start-up costs (such as those involved in filing annual returns) and the applicant's request to change the company names without any associated compensation is said to be inappropriate, unethical and tantamount to bullying.
- iv) There are numerous company names registered with Companies House which incorporate the word Tesla.
- v) The company names were coined in honour of their [Mr Obradovic's] Serbian heritage and to promote "the ways of thinking of one of the world's greatest scientists, Nikola Tesla".

6. The specific defences identified in the notices of defence were:

- i) The company names were registered in the ordinary course of a company formation business and are available for sale to the Applicant on the standard terms of that business. Section 69(4)(c).
- ii) Start-up costs have been incurred. We assume this to be a reference to the defence that the respondents are proposing to operate under the company names and have incurred substantial start-up costs in preparation for doing so. Section 69(4)(b)(ii).
- iii) The companies are dormant, so the applicant's interests are not affected in anyway. Section 69(4)(e).
- iv) The company names were adopted in good faith, in honour of the Serbian scientist Nikola Tesla. Section 69(4)(d).

7. The three cases were consolidated. The applicant and the respondents filed evidence. The matter was then heard before us on 20 January 2015 at which the applicant was represented by Mr Ben Allgrove, solicitor advocate at Baker McKenzie LLP. The respondents were represented by Mr Obradovic.

## **Preliminary points**

8. At the hearing, we discussed three preliminary points with the representatives. Firstly, we noted that the respondents had referred to a fourth company (Tesla IT Solutions Ltd) in its skeleton argument despite the fact that no application has been made to the tribunal in relation to this company name. Mr Obradovic advised that the fourth company (of which he is also a director) was referred to by the applicant when it wrote to the respondents prior to the applications being made to the tribunal. We advised Mr Obradovic that whilst this may be so, as no request had been made to change the company name then no action would be taken by the tribunal in relation to it.

9. Secondly, we noted that the respondents' good faith defence had not been specifically pleaded in relation to company registration 07610469. Mr Obradovic explained that this must have been an error as it was the intention for all the respondents to defend on the basis of good faith. Mr Allgrove did not object to the good faith defence being considered in relation to all three defences. He accepted that a mistake had happened and that the unrepresented nature of the respondents meant that this should not count against them. This approach is both helpful and sensible. The good faith defence shall be taken into account in relation to all three proceedings.

10. Thirdly, we were required to deal with the issue of further evidence filed by the applicant along with its skeleton arguments, some 48 hours before the hearing. After explaining to Mr Allgrove that this was not something that went through on the nod, he formally sought leave to have the evidence admitted. The evidence consisted of further materials showing use of Tesla in the UK press and, also, further turnover figures. He accepted that there was no good reason for the lateness of the evidence other than that the materials (the press materials) had simply not been discovered until recently. In relation to the turnover figures, these were prepared so as to give the tribunal the most up to date picture. Mr Obradovic objected to the inclusion of the evidence because he had had little time to consider it, so limiting his ability to comment upon the evidence. We accepted the evidence into the proceedings. We were satisfied as to the materiality of the further evidence given that it would assist the tribunal in gauging the extent of the applicant's goodwill at various points in time. The only prejudice identified related to the respondents' ability to comment upon the evidence. We dealt with this by permitting the respondents a period of 14 days to provide written submissions in relation to the further evidence.

11. In his written submissions in response to the further evidence, Mr Obradovic argues that the evidence should not be considered due to its lateness and that it could have been provided earlier. However, we have already decided this point and, for the reasons above, the decision to allow the evidence into the proceedings is maintained. Mr Obradovic argues that the name Tesla does not belong to the applicant and it cannot ride roughshod over him given his Serbian heritage and that Tesla is "part of his identity". This is not commenting upon the further evidence, but the submission is borne in mind. Mr Obradovic also states that he did not know of the applicant until the dispute arose and that the respondents' names were registered in good faith. Again, this not commenting upon the further evidence, but the submission is borne in mind and will be returned to later. The one point made by

Mr Obradovic that does focus upon the further evidence is that the applicant's UK arm (Tesla Motors Limited) was called Sygne Designs Limited until 2005 – he submits that this demonstrates that the applicant has only a short affiliation with the name Tesla. Mr Obradovic also commented on costs, something we come back to later.

## **The evidence**

### **For the applicant**

12. The applicant's evidence is given by its Senior Counsel, Mr Mathew Yun Huh, and the further evidence by its Deputy General Counsel, Mr Philip Rothenberg. Most of what we set out below is from Mr Huh's evidence, this includes the references to exhibit numbers. We will add the evidence of Mr Rothenberg to that set out below, highlighting it when we do so.

13. Exhibit 1 contains company information about the respondents, showing incorporation dates etc. The information shows that they all have the same registered office and that Mr Obradovic is the Director of all three. Exhibits 2 and 3 relate to letters to and from the respondents. In summary, the applicant wrote to the respondents (collectively<sup>2</sup>) on 27 June 2013 describing the use it has made of the word TESLA, its claim that the respondents' company registrations must have been made to trade off its reputation, that use of the company names would constitute a misrepresentation and would cause confusion, and asking that the respondents agree to certain undertakings (including changing their names). The response from Mr Obradovic is simply that he is taking legal advice on the matter and will revert in due course, which Mr Huh states he never did.

14. In terms of the applicant's use of TESLA, this began in 2003, when it was founded by a group of engineers in Silicone Valley, California. Exhibit 4 contains an extract from the applicant's "About us" part of its website which details the founding of the business as described. Other information includes that the TESLA ROADSTER was launched in 2008 and that four years later (2012) 23,000 of these cars are driven in 37 countries. It is clear that the applicant has a focus on electric cars although it has also promoted batteries and powertrains which can be used by other car manufactures.

15. Mr Huh states that the applicant has become one of the most recognisable electric motor companies in the world. He refers to extensive sales internationally and in the UK and that the TESLA name and brand has become synonymous with the applicant and its products. He adds that the applicant's most recent automobile, the Model S, has won several awards, including "the prestigious Motor Trend Car of the Year for 2013".

16. It is stated that the applicant has operated extensively in the UK and internationally. The following facts are given about the applicant's revenue:

- i) In the first quarter of 2013 total global revenue was \$561 million.

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<sup>2</sup> The letter was addressed to Mr Obradovic.

- ii) For the whole of 2012 total global revenue was \$413 million.
- iii) The 2012 figure contains \$16 million worth of revenue in the UK.

17. Mr Rothenberg provides sales figures for the UK subsidiary of the applicant, Tesla Motors Limited. The figures are as follows:

- i) 2010 – sales of £17 million.
- ii) 2011 – sales of £14 million.
- iii) 2012 - sales of £11 million.
- iv) 2013 – sales of £6 million.

18. Mr Rothenberg explains that the figures relate to sale of the Tesla Roadster (on sale between 2010 and 2013) and the Model S (on sale from June 2014). This, though, is somewhat difficult to understand because if the Model S was only on sale from June 2014 the above figures cannot relate to that model. It also became apparent at the hearing that there was a further problem with the above figures. Mr Allgrove highlighted that the 2013 figures were lower than the other years because of a change in accounting practice. Prior to 2013, the UK subsidiary processed sales that were made in other EU countries (as well as those made in the UK), so meaning that the pre 2013 sales figures include sales made outside the UK.

19. As of December 2012, the applicant had 32 stores and galleries around the world, “following rapid growth which is continuing”. As of close of business on 13 July 2014 the market capitalisation of the applicant was approximately \$13.75 billion. Exhibit 5 contains extracts from the applicant’s 2012 annual report. The report additionally shows global revenue for the years 2011 (\$204 million), 2010 (\$116 million), 2009 (\$112 million) and 2008 (\$14.7 million). The annual report does not provide any figures specific to the UK.

20. The applicant has a corporate sales office in Maidenhead, employing around 50 people. It is not stated when this office opened. It employs 4000 people globally. The applicant had a showroom in Knightsbridge, London until 2011 (it is not stated when the showroom opened). The applicant is to open a new showroom in London shortly.

21. Mr Huh states that the applicant has been the subject of extensive UK press and media coverage. *The Telegraph* has described its products as an “automotive game changer” and the *Daily Express* has stated that the applicant has “spark[ed] a revolution” and is “the future of motoring”. He adds that TESLA products have featured in a number of UK television shows such as *Top Gear* and *Fifth Gear* which have huge UK and international audiences. Exhibit 6 contains examples of press coverage, as follows:

- i) An extract from the website of *The Mirror* newspaper. The article is headed “Fully charged: Electric Tesla Model S is fast and frugal.” The article is about a new model of Tesla car which is to go into production in 2013. It is clearly a performance car. Its price will be £50,000. The date of the article is not clear, but it appears to be 28 October 2012.
- ii) An extract from the website of *The Express* newspaper. The article is headed “Plug-and-go Tesla sparks a revolution”. This is about the first

Tesla car, the Tesla Roadster. The article contains the quotes referred to by Mr Huh above. The article demonstrates that the electric car is akin to a sports car. There is no date on the article (at least none that we can see) but it does say that the car is to go on sale in May 2009 so it is safe to assume that the article was written around this date.

- iii) An extract from the website of *The Telegraph* newspaper. The article is headed "Tesla Model S: the car of the future". Information is given about the performance of the car, as per the other articles. The article contains the quotes referred to by Mr Huh above. The article is dated 20 November 2012.
- iv) An extract from the website of *The Guardian* newspaper. It is entitled "Tesla's Elon Must [the applicant's founder] enjoys sweet success". The date of the article is not provided, but as it contains information on Q1 revenue for 2013 then it must be from the end of that period at the very earliest. The article is essentially about the growth of the applicant's business and the rapid success it has had, notably, following the introduction of the Model S. The article refers to the earlier Roadster model as "...a beta-release car, a \$100,000 nano-niche vehicle".
- v) An extract from the website of *The Independent* newspaper. It is headed "Electric dream machines: Are they really the future of motoring". Underneath is a picture of what we assume to be a Tesla car. There is no further text. The date of the extract is not clear. It is dated 14 June 2013.
- vi) An extract from the website topgear.com. It is headed "She's electric". It is about the Tesla Model S. The article is dated 30 March 2009 but it is noted that the car will not be launched until 2012.
- vii) An extract from the website autoexpress.co.uk. It is about a new Tesla model to be called Tesla Model X, an SUV type car. The article is dated 14 January 2013. The new car is to be launched in 2015.
- viii) An extract from whatcar.com containing a review of the Model S. The article is not dated.
- ix) Another extract from topgear.com, this time about the Tesla Roadster. The article is dated 19 August 2008. There are references to Europe getting only 250 cars so customers need to move quickly to secure one.
- x) Another extract from topgear.com, this time about the Tesla Roadster, albeit an updated version. The article is dated 21 August 2009.

22. Mr Rothenberg also provides some press materials as follows:

- xi) An extract from the website of *The Guardian* dated 3 February 2010. It is headed "Tesla's Roadster Sport saves the electric car".

- xii) An extract from the same website date 14 December 2010 headed “Why is the Tesla Roadster not on the government’s electric car grant list?”
- xiii) An extract from the website of the BBC dated 4 March 2010 headed “Tesla gets ready as electric cars go mainstream”.
- xiv) An extract from the website of *Auto Express* with a test report for the Tesla Roadster Sport. The article is not dated but a reference in the extract to the Model S “due in 2012” means that the article must be from before then.
- xv) An extract from the same website with another test report on the Tesla Roadster Sport. Again, it is not dated, but it does refer to the ceasing of production in 2011, so it must have been from before then.
- xvi) An extract from the same website with a test report on the Tesla Roadster Sport 2.5. The report is not dated, neither is it possible to date it by the context of the report.
- xvii) An extract from the website [greenoptimistic.com](http://greenoptimistic.com) headed “772 Miles in a Tesla Roadster, Across the UK”. It is dated 28 June 2010.
- xviii) An extract from the website [electronicdesign.com](http://electronicdesign.com) dated 9 June 2011. The article is headed “Tesla Motors Unveils UK High Power charging network”.
- xix) An extract from [carsuk.net](http://carsuk.net) about the Tesla Roadster which indicates that the RHD [we assume this to be short for “right hand drive”] Tesla Roadster is to replace the original Tesla Roadster. The article is dated 3 February 2011.
- xx) An extract from the website [autocar.co.uk](http://autocar.co.uk) headed “Tesla opens UK showroom”. The article is not dated, but a reference to right-hand drive Roadsters being available from early 2010 means that it must have been published before then.
- xxi) An extract from the website [eco-rally.org](http://eco-rally.org) dated 10 July 2011 headed “Tesla Roadster does Oxford to London Bridgestone Eco Rally 2011”.
- xxii) An extract from the website of *The Telegraph* headed “Top 10 from Woodward Supercar Run”. It is about the Tesla Roadster competing in an event at Woodward. It is not possible to date this extract.

23. Mr Huh states that TESLA is also used on its website at [www.teslamotors.com](http://www.teslamotors.com) (Exhibit 7) which advertises its products to UK and global customers. The applicant also has trade mark registrations for the TESLA name including Community Trade Marks and International Registrations which cover the UK. Mr Huh completes his evidence by stating that the applicant designs, develops, manufactures and sells high-performance fully electric automobiles and advanced automobile powertrain components around the world and that it uses the TESLA name in this respect.



## For the respondents

24. The evidence is given in the form of a statutory declaration by Mr Obradovic, the Director of the respondents. He refers to a fourth company (Tesla IT Solutions Limited), but, as stated earlier, this company is not subject to an application to the tribunal.

25. Mr Obradovic states that the name TESLA is not the property of the applicant but is the surname of the famous Serbian engineer Nikola Tesla and that the name has been used widely in many ways in many industries and in many countries, both before and since the death of Nicola Tesla in 1942. Mr Obradovic states that he is of British/Serbian nationality and he intended to emphasise his Serbian heritage by associating the company names with the most famous Serbian engineer. In terms of the use of TESLA by others, he states that Tesla is the name of Belgrade's airport, the name of a new Intel mobile telephone, a graphics card, and a computer tablet. Exhibit 1 is said to contain examples of "the widespread use of the name of Tesla", as follows:

- i) A photograph of what we assume is Belgrade Airport, which carries the name "Nikola Tesla"
- ii) A print from amazon.com for a Tesla K20 graphics card.
- iii) A print from the website android.revijia.com about Intel's new mobile phone to be called Tesla. It is to be produced in Serbia. The print is obtained via Google translate so was obviously not in English to begin with. It is dated 8 November 2013.
- iv) A print from retailgadgets.co.uk about the StealthX Tesla tablet computer.
- v) A photograph of what appears to be a rock band called Tesla.
- vi) An article of unknown origin entitled "Nikola Tesla: Chicago World's Fair" with highlighted references to the "two-phase induction motor" and other electric motors.
- vii) A Wikipedia entry for "TPP Nikola Tesla" a power plant complex in Serbia.
- viii) Photographs of the Nikola Tesla Museum (which appears to be in Serbia).
- ix) A print of unknown origin depicting the induction motor invented by Nikola Tesla.
- x) A print containing famous quotes by Nikola Tesla.

26. Mr Obradovic adds that in excess of 30 companies are registered at Companies House with Tesla in their name, so it is not a name exclusive to the applicant.

27. In relation to the respondents, he states that Tesla Motors Europe Ltd:

“..was registered to make reference to the series of motors which Nikola Tesla developed during his life, electro motors and hydro motors. The purpose of the companies is the import and export of mainly agricultural motors and machinery to and from the Balkan region.”

28. Tesla Cars UK Ltd and Tesla Cars Europe Ltd were:

“..registered with the intention of providing freight transport to Balkan countries, where the Tesla name originated and is well recognised. Those two companies would work in connection with the transportation of the motors and machinery dealt with by Tesla Motors Europe Ltd”.

29. Mr Obradovic observes that the applicant deals only in the sale of electric vehicles. He understands why a company dealing with electric vehicles would wish to associate itself with the Tesla name, but Tesla is the name of a pioneering electrical engineer not a brand name. He states that those who founded the applicant company were no doubt conscious of the heritage of the Tesla name, but they have no Serbian heritage to justify its use.

30. Mr Obradovic states that the production and sale of electric vehicles is a relatively limited and specialised market but buyers would be well aware of the nature of the products and would not be confused by other companies bearing the Tesla name, anymore than they would believe that Belgrade airport was named after the applicant. He adds that confusion is not likely due to the number of other companies with Tesla in their name and the fact that the applicant may have a protected brand (I assume this to be a reference to the applicant's trade marks) does not extend protection to the name Tesla in general.

## **Decision**

### **The applicant's goodwill**

31. Under the provisions of section 69(1) of the Act, if the respondent defends the applications, as here, the applicant must establish that it has goodwill or reputation in relation to a name that is the same, or sufficiently similar, to that of the respondents' company names suggesting a connection between the company and the applicant. If this burden is fulfilled, it is necessary to consider if the respondents can rely upon defences under section 69(4) of the Act. The applicant must firstly show that it had a goodwill or reputation associated with the Tesla name. The relevant date for the assessment of goodwill is the date of application which, in respect of all three proceedings, is 25 July 2013.

32. In *IRC v Muller & Co's Margerine Ltd* [1901] AC 217, Lord Macnaghten defined goodwill thus:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.

33. One of the requirements of goodwill is for there to be a business (normally with customers) in the jurisdiction (in this case the UK). However, section 69(7) defines goodwill as a “reputation of any description”, so goodwill is not limited to the above definition. To establish a reputation, mere knowledge, of sufficient proportions, may be enough. However, it is clear from the wording of section 69(1)(b), when read in conjunction with section 69(1)(a), that the use that would give rise to indicate a connection between the company and the applicant is use of the company name in the UK so it is implicit from this that any reputation (even if the applicant has no business in the UK) can only be relevant if the reputation is in the UK.

34. As can be seen from the evidence summary, there is an international dimension to the applicant’s business. It was founded in California and its global revenue is significantly higher than its UK revenue. However, it is clear that revenue has been generated in the UK. Although such revenue was not exclusively in relation to UK vehicle sales, some UK sales have clearly been made. It must, though, be highlighted that given the price of the vehicles being sold, this would not have involved large numbers. The applicant also had a showroom in London albeit one that closed at some point in 2011 and a sales office. The various press materials are indicative of not only the applicant possessing goodwill, but also that it was fairly well known in the UK even if its customer numbers were relatively small in number.

35. TESLA is the key sign that the applicant uses to identify itself to the public. Mr Obradovic states that the word is the surname of Nikolas Tesla and not a brand name. However, the two are not mutually exclusive. The evidence demonstrates that in relation to the goods that it sells, TESLA performs the role of a brand name. That the applicant has no apparent Serbian heritage, and that there may be other companies with TESLA in their name, does not impact upon this. Nor does it matter that the UK arm had another name until 2005. We conclude that as of 25 July 2013, the applicant had a goodwill in the UK associated with the name TESLA.

### **Whether the names are the same or similar**

36. The next part of section 69(1) of the Act requires that the names be the same (section 69(1)(a)) or, alternatively, that there is sufficient similarity so that the respondents’ company names suggest a connection between the respondents and the applicant (section 69(1)(b)). There are three company names to consider, namely:

- i) Tesla Cars (UK) Ltd;
- ii) Tesla Motors Europe Ltd;
- iii) Tesla Cars Europe Ltd.

37. The comparison to be made is between the above three names, with the name associated with the applicant’s goodwill, TESLA. However, the presence of the word “Ltd” in each of respondents’ names is to be ignored from the comparison as a company designation is required for a company incorporated in the UK (other than in certain excepted circumstances). The nature of the complaint is about the name itself not its designation.

38. None of the names are literally identical owing to the presence of the additional words “Cars (UK)”, “Motors Europe” and “Cars Europe” respectively. However, Mr Allgrove submitted that the names were nevertheless identical on the basis that the differences resided in non-distinctive elements. He drew analogy with case-law relating to trade mark matters and the guidance that has been given in relation to what constitutes identical trade marks. This is a reference to the judgment of the Court of Justice of the European Union (“CJEU”) in *S.A. Société LTJ Diffusion v. Sadas Vertbaudet SA* [2003] FSR 34 where it was stated:

“54. In those circumstances, the answer to the question referred must be that Art.5(1)(a) of the Directive must be interpreted as meaning that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.”

39. It can be dangerous to borrow aspects and guidance from other areas of law. However, in this case, we agree that if a company name differs from the name associated with the applicant in details which may go unnoticed, the names ought to be considered as identical. Under the Act, if the names are identical then it is not necessary to establish that a connection will be made, this is, essentially, because a connection is inevitable. It follows, therefore, that if the differences between the names are small enough so as to go unnoticed, the same rationale should apply. All that being said, we do not consider that the names ought to be considered identical. Although the differences reside in non-distinctive matter, they still form part of the company name as a whole and will not go completely unnoticed. The claim under section 69(1)(a) fails.

40. In terms of section 69(1)(b) (sufficient similarity), all three company names begin with the word TESLA, the name associated with the applicant’s goodwill. The differences described in the preceding paragraph are wholly descriptive and, furthermore, have a descriptive link with the nature of the applicant’s business. It is clear to us that the respondents’ names are sufficiently similar to the applicant’s name (associated with its goodwill) so that its use in the UK would be likely to mislead by suggesting a connection between the respondents and the applicant. That the respondents are currently dormant does not affect this. We are considering the names themselves. As the ground specified in subsection 69(1)(b) is established, the onus switches to the respondents to establish whether they can rely on any of the defences pleaded in the counterstatements.

## **Defences**

41. In addition to the defences we outline below, we also note that in their notices of defence the respondents state that they registered the names “as names available at Companies House”. This is not relevant. If this were not so, all company names would be immunised against the provisions of the Act. We will deal with the four defences in turn:

### Section 69(4)(c) – the “company formation business” defence

42. The defence applies if:

“...the name was registered in the ordinary course of a company formation business and the company is available for sale to the applicant on the standard terms of that business”.

43. Whilst this defence is pleaded, there is nothing in the evidence to suggest that the names were registered as part of a company formation business. Indeed, the respondents’ evidence is that the companies were set up by Mr Obradovic for a particular purpose, so they do not even claim to have been registered in the course of a company formation business. The reliance on the defence has likely been misconceived. The defence fails. We add that the respondents’ reference to the lack of any compensation from the applicant is not relevant to the proceedings. The applicant considers it has a case to bring. It is not bound to have tried to purchase the names from the respondents or to otherwise provide them with any form of compensation.

### Section 69(4)(b)(ii) – the “substantial start-up costs” defence

44. The defence applies if the company is:

“..proposing to do so [operate under the name] and has incurred substantial start-up costs in preparation...”

45. Whilst Mr Obradovic has stated the reasons why the respondents were set up (reasons we will come on to), there is nothing to show that any plans have been put in place to begin operating under the names. Any claim that they are proposing to operate is, therefore, weak. However, even if this were not so, the second limb to this defence requires that substantial start-up costs have been incurred. Mr Obradovic has stated that costs have been incurred through the filing of annual accounts. No evidence of what these costs were has been provided to the tribunal. Even if start-up costs were incurred, the costs associated with filing an annual return for a dormant company is unlikely, on anyone’s interpretation, to be considered as substantial. Neither can such costs really be classified as start-up costs – they are not costs associated with starting a business operation. The defence is therefore misconceived and, consequently, it fails.

### Section 69(4)(e) – the “no adverse affect” defence

46. The defence applies if:

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

47. The defence is based on the dormancy of the respondents, in other words, as the respondents are all dormant they cannot affect the applicant’s interests. We accept that to affect adversely the interests of the applicant to any significant extent the company name must do more than just sit on the register at Companies House.

However, a dormant company may begin to operate at any time, so the potential use of the respondents' names in business must be taken into account. To find otherwise would be to immunise any dormant company from the provisions of the Act even if the company was incorporated for improper purposes.

48. The Act does not limit a business to operating in only one field. It is therefore possible that the respondents could operate in a field which involves cars. Mr Obradovic has stated that the purpose of the respondents is as an import/export business and associated freight transportation – this is said to be in relation to “mainly agricultural motors and machinery”. If this is so, there is no reason why such a business could not move into the import/export and associated freight transportation of cars. In such a scenario, and in a case such as this where the challenged company names are very similar to the name upon which the applicant has established goodwill, and where the areas in which the parties could operate are very similar, the impact on applicant's business would, in our view, be both real and significant and will likely adversely affect the applicant to a significant extent. It could even be possible for the respondents to move into an even more closely aligned field of business, such as the manufacture of cars. **As a consequence, the respondents' defence based upon section 69(4)(e) is dismissed.**

Section 69(4)(d) – good faith

49. The issue of good faith turns upon the respondents' motivation and knowledge when the companies were registered under the names that are being challenged. Actions after this date may be indicative of the motivation and knowledge of the respondent; however, they cannot change the nature of the act<sup>3</sup>. The onus is on the respondents to establish that the company names were registered in good faith; it is not upon the applicant to establish that they were registered in bad faith.

50. In 1) *Adnan Shaaban Abou-Rahmah* (2) *Khalid Al-Fulaij & Sons General Trading & Contracting Co v (1) Al-Haji Abdul Kadir Abacha* (2) *Qumar Bello* (3) *Aboubakar Mohammed Maiga* (4) *City Express Bank of Lagos* (5) *Profile Chemical Limited* [2006] EWCA Civ 1492, Rix LJ commented upon the concept of good faith:

“48 The content of this requirement of good faith, or what Lord Goff in *Lipkin Gorman* had expressed by reference to it being "inequitable" for the defendant to be made to repay, was considered further in *Niru Battery*. There the defendant bank relied on change of position where its manager had authorised payment out in questionable circumstances, where he had good reason to believe that the inwards payment had been made under a mistake. The trial judge had (a) acquitted the manager of dishonesty in the *Twinsectra* or *Barlow Clowes* sense on a claim of knowing assistance in breach of trust, but (b) concluded that the defence of change of position had failed. On appeal the defendant bank said that, in the absence of dishonesty, its change of position defence should have succeeded. After a consideration of numerous authorities, this court disagreed and adopted the trial judge's broader test, cited above. Clarke LJ quoted with approval (at paras 164/5) the following passages in Moore-Bick J's judgment:

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<sup>3</sup> *MB Inspection Ltd v Hi-Rope Ltd* [2010] RPC 18, paragraph 56.

"I do not think that it is desirable to attempt to define the limits of good faith; it is a broad concept, the definition of which, in so far as it is capable of definition at all, will have to be worked out through the cases. In my view it is capable of embracing a failure to act in a commercially acceptable way and sharp practice of a kind that falls short of outright dishonesty as well as dishonesty itself."

51. In (1) *Barlow Clowes International Ltd. (in liquidation)* (2) *Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* [2005] UKPC 37, the Privy Council considered the ambiguity in the *Twinsectra Ltd v Yardley* [2002] 2 AC 164 judgment. The former case clarified that there was a combined test for considering the behaviour of a party: what the party knew at the time of a transaction and how that party's action would be viewed by applying normally acceptable standards of honest conduct.

52. In *Harrisons Trade Mark Application ("Chinawhite")* [2004] FSR 13 Pumfrey J commented:

"14 Mr Engelman's argument was a direct challenge to the hearing officer's approach to the question of good faith, but he also objected that it was not open to the hearing officer to infer bad faith from the facts, which he maintained was contrary to the decision of the Court of Appeal in *Davy v Garrett* (1878) 7 Ch D 473 at 489. This I think is a misapprehension as to the scope of the decision in *Davy v Garrett*. That case was dealing with fraud in a different context. In this field context is everything. The words "*bona fide*" or "good faith" are what are sometimes called chameleon words and take their content and their colour from their surroundings. Once the hearing officer had decided that the correct approach was that which I think he may well have been bound to accept, it was open to him to find that objectively the behaviour of the application did not satisfy the second half of the formulation. The word "inference" itself has a wide meaning, as Robert Walker L.J. demonstrates in *REEF Trade Mark* [2003] R.P.C. 5. This was not a question of drawing an inference at all. It was a question of coming to a secondary finding of fact on all the material. I do not consider that the hearing officer's decision is open to challenge on this ground and the appeal must accordingly be dismissed."

53. There is nothing inherently implausible in the explanation put forward by Mr Obradovic's evidence. We accept that Nicholas Tesla is a reasonably well known Serbian engineer and inventor. He will no doubt be extremely well known in the country of his birth, although less so by those outside of Serbia. We also accept that Mr Obradovic has a keen interest in all things Tesla (Nicholas Tesla). Mr Obradovic's knowledge of Nicholas Tesla clearly paid a part in the adoption of the company names. However, that, in and of itself, does not mean that the names were adopted in good faith. Nowhere in his evidence does Mr Obradovic say that the applicant was not known to him at the relevant date(s). The only time that he has done so was in his further written submissions, filed after the hearing. However, even if it is to be assumed that Mr Obradovic, by referring to Nicolas Tesla as the motivation for choosing the company names, meant to say in his evidence that he

did not know of the applicant, there are a number of factors which have led us to question the credibility of that:

- Firstly, by the relevant dates<sup>4</sup>, the applicant had received a reasonable level of press coverage in the UK and had had a London showroom up until 2011.
- Secondly, Mr Obradovic stated in one of his defences<sup>5</sup> that “Articles about his [Nicholas Tesla] life, work achievements, thoughts, in newspapers or on the web, are closely monitored, promoted and edited by [Mr Obradovic]”.
- Thirdly, no evidence showing any business plans has been provided other than Mr Obradovic’s basic explanation.
- Fourthly, the decision to include the word “Cars” in two of the company names is incongruous given that the business was meant to be dealing with “mainly agricultural motors and machinery”.
- Fifthly, it is clear from Mr Obradovic’s evidence and submissions that he has an obvious nationalistic pride and that the use of the word Tesla by businesses without a Serbian heritage is of concern to him.

54. None of the above factors, taken individually, are completely telling. However, when taken in combination, they call into question the credibility of the respondents’ story. Mr Obradovic submitted at the hearing that his research (as referred to in the second factor in the preceding paragraph) did not extend to commercial matters. However, if one is conducting Internet searches, it is very difficult to exclude such matters. We consider that the more probable (or at least as probable) explanation is that the company names were adopted as some form of tactical move to frustrate the applicant as opposed to there being a genuine plan to operate a business under the names. Given his evidence and submissions, this may have been motivated by the lack of any Serbian heritage on the part of the applicant and that, in some way, this disintitiled them to the Tesla name. We are not satisfied that the respondents have established that the company names were adopted in good faith. **The defence claimed under section 69(4)(d) fails.**

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<sup>4</sup> The relevant date for the companies listed at paragraph 1 (i) and (iii) is 20 April 2012. The relevant date for the other company is 28 November 2012, although this company’s first name also included the word Tesla.

<sup>5</sup> The defence in relation to company number 07610662.



## Outcome

55. As we have dismissed all of the respondents' defences, the applications succeed. In accordance with section 73(1) of the Act, the following order is made:

- (a) the three respondents shall change their names within one month of the date of this order to ones that are not offending names<sup>6</sup>;
- (b) the three respondents shall:
  - (i) take such steps as are within their power to make, or facilitate the making, of that change;
  - (ii) not cause or permit any steps to be taken calculated to result in another company being registered with a name that is an offending name.

56. If no such changes are made within one month of the date of this order, new company names will be determined as per section 73(4) of the Act and notice will be given of those changes under section 73(5) of the Act.

## Costs

57. In his further written submissions Mr Obradovic commented upon costs. He argued that costs should be reserved for "another occasion". But what that other occasion is, is not clear. He adds that the applicant's costs were excessive and that work was completed by a partner in its firm of representatives as opposed to a paralegal. The tribunal normally operates from a published scale. We intend to do the same here. This provides no greater or lesser award for the level of practitioner involved. The award is meant as a contribution towards costs as opposed to compensation. Tesla Motors, Inc, having been successful, is entitled to a contribution towards its costs on the following basis:

**i) Preparing statements and considering the other sides' statement - £400**

The sum covers all three statements, the work having, essentially, been triplicated.

**ii) Preparing evidence - £800**

No amount is awarded for the late evidence as it should have been filed earlier.

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<sup>6</sup> An "offending name" means a name that, by reason of its similarity to the name associated with the applicant in which he claims goodwill, would be likely— to be the subject of a direction under section 67 (power of Secretary of State to direct change of name), or to give rise to a further application under section 69.

**iii) Expenses (official fees for CNA1 x 3 & CNA3) - £1350**

No award is given for the CNA3 for the late evidence

**iv) Attending the hearing - £500**

**Total - £3050**

58. Tesla Cars (UK) Ltd, Tesla Motors Europe Ltd and Tesla Cars Europe Ltd (being jointly and severally liable) are ordered to pay to Tesla Motors, Inc the sum of £3050. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

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

Dated this 10th day of March 2015

Oliver Morris  
Company Names  
Adjudicator

Judi Pike  
Company Names  
Adjudicator

Mark Bryant  
Company Names  
Adjudicator