

**Companies Act 2006**

**In the matter of application No 1016 by VIRGIN ENTERPRISES LIMITED**

**For a change of the company name of registration**

**No 9567772**

**Background, Claims and Defences**

1. VIRGIN TATTOO REMOVAL LIMITED (hereafter 'the respondent') was incorporated on 29 April 2015.

2. On 24 September 2015, VIRGIN ENTERPRISES LIMITED (hereafter 'the applicant') applied for an Order under section 69 of the Companies Act 2006 ('the Act') for the company name VIRGIN TATTOO REMOVAL LIMITED to be changed.

3. Section 69 of the Act states:

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

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

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

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

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

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

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

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

(b) that the company—

(i) is operating under the name, or

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

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

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

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

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

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

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

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

4. The applicant states that the name associated with it is VIRGIN.

5. With regard to its goodwill or reputation under the name VIRGIN, it states:

*"The Applicant is part of the Virgin Group of companies trading widely under the name VIRGIN. The Virgin Group has more than 300 branded companies worldwide, employing approximately 50,000 people, in 50 countries. Global brand revenues in 2012 were around £15 billion.*

*The VIRGIN brand is one of the worlds most recognised and respected brands. By way of example, VIRGIN was voted No.5 in the Official Top Business Superbrands, 2013 (The Centre for Brand Analysis).*

*The VIRGIN name has been in constant use in the UK and abroad in relation to a wide range of varied goods, services and activities since the 1970s. Many companies within the Virgin Group are famous household names — for example Virgin Atlantic, Virgin Holidays, Virgin Mobile, Virgin Media, Virgin Active, Virgin Trains, Virgin Money, Virgin Radio, Virgin Records and Virgin Megastores. As such, the VIRGIN brand has come to be identified with a wide range of goods and services including, but not limited to, financial services and investment, airlines, holidays, hotels, trains, telecommunications, experience days, media services, retail, health and fitness services and energy supplies.*

*In the UK alone there are over 20 VIRGIN-branded trading businesses, which results in 97% of the population having VIRGIN brand awareness. VIRGIN businesses in the UK employ 30,000 people, and have in the region of 18,000,000 customers.*

*The Applicant is the owner of all intellectual property rights in the VIRGIN name, used by members of the Virgin Group as well as other licensees outside the Virgin Group. Through the activities of its licensees, the Applicant has established a*

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*substantial reputation and goodwill in the VIRGIN name. The Applicant is also the proprietor of a very substantial number of trade mark registrations for the VIRGIN name, covering a wide range of goods and services in the UK and abroad.”*

6. The applicant claims that its goodwill and reputation resides in a wide range of goods and services, in sectors ranging from financial services and investments, telecommunications, travel and tourism, leisure and entertainment, retail, health and wellness and renewable energy.

7. The applicant claims that the respondent's company name, VIRGIN TATTOO REMOVAL LIMITED is sufficiently similar to VIRGIN such that its use in the UK would be likely to confuse or mislead the public into thinking the services provided by the respondent under that name are associated with or endorsed by the applicant, when that is not the case.

8. The applicant contacted the respondent on 22 May 2015 explaining its concerns. The respondent telephoned the applicant on or around 26 May 2015. The applicant explained that that the matter would be 'escalated to its external lawyers' if it was unable to resolve the matter. The applicant sent a follow up letter on 25 June 2015. The applicant then instructed Burgess Salmon to act on its behalf. The applicant's representative wrote to the respondent on 24 July 2015, seeking a response by 7 August 2015. No response was received. A final letter was sent on 7 August 2015 stating that the respondent had until 14 August by which to change its company name or Burgess Salmon would advise the applicant about its options to prevent continued unauthorised use of VIRGIN.

9. The respondent filed a counterstatement (form CNA2), which was completed by Mr Ryan McGregor. That section of the form which specifically asks the respondent to set out any defences upon which it wishes to rely was left blank. However, under questions 1 and 2 the respondent made the following points:

- The respondent company was created to fill a specific niche market.
- The respondent's primary business is offering picosecond laser technology to remove tattooed ink from skin.

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- The respondent has devised a warranty product that offers customers the opportunity to purchase a warranty option to have their tattoo removed by picosecond laser technology four years after the customer has been given a tattoo, if they purchase the warranty prior to getting inked.
- The director has expended significant financial capital and dedicated a large amount of time to developing the pricing model, including having consulted with various underwriters at Lloyds.
- The applicant has not established that it is engaged in the industry of tattoo removal or that it has any relevant business in the industry and is therefore unable to prove any detriment suffered to its brand name by establishment of the respondent.
- In the matter of Virgin Tattoo Removal Limited, the use, honestly and in good faith in accordance with 69(4)(b) of the Act, of the word virgin is that as an adjective...specifically that referring to skin that is 'not yet used, exploited, or processed.'

10. These claims relate to potential defences under sections 69(4)(b), 69(4)(d) and 69(4)(e).

11. The applicant filed evidence. The respondent provided dictionary definitions in its CNA2 (notice of defence) as well as four hyperlinks to a number of websites.<sup>1</sup>

### **Evidence**

12. The applicant's evidence consists of the following:

Witness statement of Jeremy Brian Dickerson, dated 18 May 2016 and exhibit JBD1

Witness statement of Victoria Wisener, dated 20 May 2016 and exhibits VW01-VW27

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<sup>1</sup> The relevant pages from the websites referred to were not filed before the Tribunal.

## Decision

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

## Goodwill

14. The respondent makes no definitive statement with regard to the applicant's goodwill. In its defence it submits:

*"The applicant has mentioned at Paragraph 13 of its complaint that the name 'Virgin' is 'an unusual, distinctive and memorable name and trade mark which is known worldwide to be associated with the Virgin Group'. However, the etymology of the word 'Virgin' can be traced back to at least 1200 A.D. from the Latin word Virgo, whose English language translation of Virgin which has a wide variety of meanings as both an adjective and a noun in common language use. To assert that VEL possesses sole commercial use of the word 'Virgin' in company names registrations, after having only commenced operations since the 1970s in light of the word's long and varied use would be unnecessarily restrictive to its widely accepted common usage."*

15. In support of these comments the respondent supplies a number of definitions for the word 'virgin'.

16. The dictionary meaning of the applicant's name is not a criterion for determining whether the applicant has the necessary goodwill for the purposes of Section 69(7) of the Act which defines goodwill as a "reputation of any description". Consequently, in the terms of the Act, it is not limited to Lord Macnaghten's classic definition of goodwill in *IRC v Muller & Co's Margerine Ltd* [1901] AC 217:

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“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.”

17. The primary evidence in support of the applicant’s goodwill comes from Ms Wisener, a trade mark attorney employed by the applicant. We do not consider it necessary to summarise this aspect of the evidence in great detail. This is because it is abundantly clear from the evidence that the business referred to in the pleaded case is an extremely well-known and successful business. In her witness statement Ms Wisener states:

*“7. There are now more than 300 virgin branded businesses worldwide, employing in excess of 65,000 people, with around 60 million customers in 33 countries. Annual turnover across the Virgin Group for the past three years has been over £14 billion. Virgin branded businesses have been trading since 1970 and continue to do so. The total number of Virgin customers in 2013 was 74,078,370.”*

18. With regard to the applicant’s relationship to the Virgin Group, Ms Wisener states:

*“5. [The applicant] is a company incorporated in England and Wales...and is a member of a group of companies known collectively as the Virgin group of companies...”*

*9. [The applicant] is responsible for the ownership, management and protection of all trade marks and intellectual property and any associated goodwill in the Virgin name.”*

19. Some key facts from the evidence are:

- The applicant’s portfolio of Virgin marks currently includes approximately 3,000 registrations and applications in more than 150 countries.
- The applicant is the registered proprietor of 5,350 domain names.<sup>2</sup>

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<sup>2</sup> Paragraph 59

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- The applicant currently licences the Virgin Marks to approximately 60 licensees, most of whom use the Virgin name followed by an additional word, e.g. Virgin Trains.
- The top six Virgin companies (Virgin Atlantic, Virgin Media, Virgin Active, Virgin Rail, Virgin Mobile and Virgin Money) spend approximately £80 million a year on advertising (on TV, radio, newspapers, business journals, outdoor, cinema internet and mobile).<sup>3</sup>
- Virgin Money sponsors a number of teams and events including, but not limited to Newcastle United Football Club for the 2012/13 and 2013/14 seasons<sup>4</sup> and the London Marathon since 2010.<sup>5</sup>
- Virgin Media sponsors a number of events including the VFestival, The Edinburgh Fringe, the London Triathlon<sup>6</sup> and concerts such as Lady Gaga's Monster Ball Tour in 2011.<sup>7</sup>
- A survey conducted by NOP in 1994 showed 95% recognition of the 'Virgin marks' in the UK.<sup>8</sup>

20. The primary public facing trading name of the business is VIRGIN. In his witness statement (paragraph 32), Mr Dickerson, a trade mark attorney at Burgess Salmon LLP, states that the applicant's interests are diversified with many of the applicant's companies consisting of the word VIRGIN followed by an element denoting the type of business, for example, Virgin Records, Virgin Holidays, Virgin Media, Virgin Wines and so on. The evidence is undoubtedly sufficient to establish that the applicant had goodwill in the UK at the relevant date in relation to a range of goods and services. Its goodwill lies in the name 'VIRGIN' which is used by the Virgin Group and its subsidiaries.

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

21. The respondent's name is VIRGIN TATTOO REMOVAL LIMITED. The name associated with the applicant is VIRGIN. Consequently, the difference between the names is the absence/presence of "TATTOO REMOVAL LIMITED". In terms of "LIMITED", this simply

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<sup>3</sup> Exhibit VW07

<sup>4</sup> VW09

<sup>5</sup> VW10-VW15

<sup>6</sup> Exhibit VW17

<sup>7</sup> Exhibit VW18

<sup>8</sup> VW23



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indicates the corporate status of the company, something which is necessary in most company names. We consider that this difference is to be ignored for the purpose of the comparison (see, for example, *MB Inspection Ltd v Hi-Rope Ltd* at paragraph 48).

22. The question is whether the names VIRGIN and VIRGIN TATTOO REMOVAL are sufficiently similar to mislead by suggesting that the use of the primary respondent is connected to the applicant? In our view, the names are sufficiently similar to suggest such a connection. The applicant's evidence shows a pattern of business where VIRGIN is used with a descriptor such as 'TRAINS', 'HOLIDAYS', 'MONEY', 'MEDIA' 'ACTIVE' and 'COSMETICS'. Use of TATTOO REMOVAL as part of the company name, preceded by VIRGIN will likely be perceived as another in the range of 'VIRGIN' companies.

23. Reference is made in the notice of defence to the fact that the respondent is engaged (or is to engage) in a different field of activity to that of the applicant. The claimed activity relates to the provision of insurance to customers having a tattoo who may wish to have it removed at a later date. However, the Act refers to the connection under section 69(1)(b) being made upon the basis of the names themselves. Thus, the field of activity is not strictly pertinent (although it may have relevance when it comes to establishing defences). In any event, fields of activities may change.

25. Given our findings in respect of goodwill and the connection likely to be made between the respective company names, the applicant has cleared the first two burdens placed upon it. That is the end of the matter unless the respondent can avail itself of one or more of the defences. This is a matter to which we now turn.

### **Defences**

26. The respondent claims to have acted in good faith.

27. In its defence the respondent stated:

*"In the matter of Virgin Tattoo Removal Limited, the use, honestly and in good faith in accordance with s69(4)(b) of the Act, of the word virgin is that as an adjective per the second set of definitions, specifically that referring to skin that is 'not yet*

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*used, exploited, or processed.’ It represents a quality mark, highlighting the feel and look of skin that appears to have never contained tattoo ink, and which is free from scarring or other blemishes following our laser tattoo removal procedures. The industry nomenclature of referring to skin as virgin in relation to those who do not have any tattoos is widespread.”*

28. The following is provided in a footnote at the end of the preceding paragraph, though these documents have not been provided, either attached to the defence (CNA2) or subsequently:

*“See examples: Tattoo parlour named ‘Virgin Skin’: <http://virginskin.info/>  
Tips for introducing people to tattoos referring to them as ‘tattoo virgins’:  
<http://people.howstuffworks.com/culture-traditions/body-art/10-tattoo-virgin-tips.htm>*

*Article describing someone without a tattoo as having ‘virgin skin’:*

*<http://www.gatewaymacon.org/top-5-lists/top-5-virgin-tattoo-tips.cms>*

*Discussion of laser removal techniques and how the results differ to skin not before inked:*

*<http://www.realself.com/forum/laser-removed-tattooespecially-in-color-bad-and-similar-virgin-skin>”*

29. In his witness statement, Mr Dickerson, for the applicant, stated:

*“35. The Defence also provides a number of other meanings including dictionary definitions of the word ‘virgin’ (pages 9 to 11 of Exhibit JBD1). The Applicant accepts that the word ‘virgin’ may sometimes be used in the context of its ordinary meaning, i.e. to denote inexperience in the field of sexual activity. However, when the word virgin is used in this way, the phrase is expressed as [\*\*\*\*] virgin’. The Applicant does not, therefore, accept the Respondent’s assertion that the term “virgin skin” is recognised as referring to skin which is “not yet used exploited or processed”, and nor that it is one which is widely used in the trade. The Respondent has referred to a few examples of such use, but this falls short of its assertion that “[t]he industry nomenclature of referring to skin as virgin in relation to those who do not have any tattoos is widespread’ (page 11 of Exhibit JBD1).*

*36. Further, the use of the VIRGIN name by the Respondent in this case is not in relation to virgin skin' in any event, but rather it adopts the formula widely used throughout the Virgin Group businesses of "Virgin [plus activity]" (as discussed above), i.e. Virgin Tattoo Removal.*

*37. As stated in the Application and in the witness statement of Ms Wisener, Virgin branded businesses have been trading since the 1970s. It is therefore inconceivable that the Respondent was not aware of the existence of the Virgin Group's extensive goodwill and reputation in the VIRGIN name, particularly in light of the overwhelming awareness of the Virgin brand amongst the UK public (as noted in the witness statement of Ms Wisener). On this basis, there is no evidence to suggest that the Respondent's name was adopted in good faith."*

31. The applicant clearly disputed that the respondent had shown that it acted in good faith in adopting 'VIRGIN TATTOO REMOVAL' as its company name. The reasons for this position are outlined above. In short, the applicant refutes the meaning of 'virgin skin' but states that in any case the use by the respondent is not in relation to 'virgin skin' but instead adopts the formula used throughout the Virgin group of the word VIRGIN followed by a descriptor. Furthermore, Mr Dickerson concludes, it is inconceivable that the respondent was not aware of the Virgin group.

32. Following this challenge to its position, the respondent had the opportunity to file further evidence and/or submissions but elected not to do so.

33. The web pages referred to in a number of footnotes in the respondent's defence (CNA2) have not been provided. They appear to relate to use of the term 'virgin skin' in relation to the tattoo industry. Even if we were to accept the definition of that term provided by the respondent, it does not assist us in determining the reason the respondent chose to use 'virgin' rather than 'virgin skin' in the contested company name or give any indication of the respondent's reasons for adopting this particular company name. The respondent is also silent as to its knowledge of the applicant.

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34. The onus is on the respondent to make good its defence. Its defence has been put forward in the briefest terms and when challenged by the applicant no further clarification or explanation has been provided. Consequently, we find that the defence is not made out.

35. Turning to section 64(4)(e) of the Act. Such a defence is relevant where it is shown that:

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

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

37. This particular defence appears to be based on the respondent’s claim that the applicant has not established that it is involved in tattoo removal or other ‘relevant business’.

38. To rely on a ‘no adverse effect’ defence it is for the respondent to show, in evidence, what it has done or intends to do. Without such evidence the defence is bound to fail. Furthermore, a company is not limited to a particular field of activity. Even if the respondent had established, as a matter of fact, the nature of both parties’ businesses, nothing prevents the applicant from expanding its operations and trading in other market sectors. In fact the applicant’s evidence shows that expansion into different markets has been a significant part of its business model since the 1970s.

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

40. With regard to the remaining defence which has been pleaded by the respondent, it cannot succeed in the absence of evidence. The respondent claims to have incurred substantial start-up costs, the company director having, ‘*expended significant financial capital.*’ Absent evidence of such expenditure this defence is bound to fail.

### **Conclusion**

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

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(a) VIRGIN TATTOO REMOVAL LIMITED shall change its name within one month of the date of this order to one that is not an offending name;

(b) VIRGIN TATTOO REMOVAL LIMITED shall:

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

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

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

### Costs

43. The applicant has been successful and is entitled to a contribution towards its costs on the basis of the scale of costs<sup>9</sup> which applied at the date these proceedings were commenced. We award the following:

Fee for filing the application:	£400
Fee for filing evidence:	£150
Preparing a statement and considering the counterstatement:	£300
Preparing evidence:	£400
<b>Total:</b>	<b>£1250</b>

44. VIRGIN TATTOO REMOVAL LIMITED is ordered to pay VIRGIN ENTERPRISES LIMITED the sum of £1250 within fourteen days of the expiry of the appeal period, or within

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<sup>9</sup> Published in the Practice Direction.

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fourteen days of the final determination of this case if any appeal against this decision is unsuccessful. Under section 74(1) of the Act, an appeal can only be made in relation to the decision to uphold the application; there is no right of appeal in relation to costs.

45. 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 18<sup>th</sup> day of July 2017



*J Pike*



Al Skilton  
Company Names  
Adjudicator

Judi Pike  
Company Names  
Adjudicator

Beverley Hedley  
Company Names  
Adjudicator