



Neutral Citation Number: [2023] EWHC 890 (IPEC)

Case No: IP-2022-000014

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY ENTERPRISE COURT

Rolls Building
Fetter Lane
London, EC4A 1NL

20 April 2023

Before :

HIS HONOUR JUDGE HACON

Between :

Yours Naturally Naturally Yours Limited

Claimant

- and -

(1) Kate McIver Skin Limited

(2) Christopher John McIver

**(Personal representative for the estate of Kate
Eleanor Dymont (deceased))**

Defendants

Daniel Metcalfe (instructed by **Irvine Yates Solicitors**) for the **Claimant**
Michael Smith (instructed by **AI Law**) for the **Defendants**

Hearing dates: 28 February – 1 March 2023

Approved Judgment

This judgment was handed down remotely at 11.30 on 20 April 2023 by circulation to the parties or their representatives by email and released to the National Archives.

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HIS HONOUR JUDGE HACON

Judge Hacon:

Introduction

1. The claimant (“YNNY”) was incorporated on 7 November 2018 by its sole director and shareholder, Georgina Tang. It serves as the vehicle for her business in the manufacture and sale of skin care products, a business previously conducted by Ms Tang in person.
2. The first defendant (“KMS”) sells skin care products. It, too, was set up as a vehicle for an existing business, that of Kate McIver, now deceased. KMS was incorporated on 20 August 2018 and started trading shortly afterwards. The second defendant, Christopher John McIver, is the widower of Ms McIver and is the personal representative of her estate, under her maiden name Kate Eleanor Dyment.
3. The dispute concerns an anti-age skin serum called “Elixir”. It was created in June 2015 by Ms Tang. From about that date until November 2018 Ms Tang made Elixir and supplied it to wholesale and retail customers around the UK. Since then YNNY has conducted the business.
4. YNNY alleges that Ms McIver and KMS have falsely stated on their business website and on social media that Ms McIver was the creator of Elixir Serum. YNNY says that this constituted (a) passing off, (b) unlawful interference with YNNY’s business and (c) malicious falsehood. YNNY also claims that marketing materials used by Ms McIver and then KMS to sell their serum contained copies of YNNY’s copyright works and that the copyrights have been infringed.
5. Insofar as any of these torts were committed by KMS, YNNY alleges that Ms McIver was jointly liable for the tort and that Ms McIver’s estate is now accountable for everything in her place.
6. It was also not in dispute that all relevant goodwill, copyright and causes of action formerly held by Ms Tang have been assigned to YNNY.
7. Daniel Metcalfe appeared for YNNY, Michael Smith for KMS and Mr McIver.

The chronology of events

8. Ms Tang started her business in the sale of serum under the trade name Elixir in about June 2015.
9. Ms McIver was diagnosed with stage 3 breast cancer in 2016. Chemotherapy caused her to suffer from severe skin irritation. In March 2017 Ms McIver bought Elixir from Ms Tang for use on her own skin. The product had a formulation created by Ms Tang (“the Tang Formulation”).
10. In May 2017 Ms Tang became aware of Ms McIver beyond her being a customer. Ms Tang read on Facebook about Ms McIver’s story and her cancer. The two began to correspond by social media.
11. In October 2017 Ms McIver asked Ms Tang whether she could buy Elixir wholesale and sell the product under Ms McIver’s logo. She sent Ms Tang a copy of the logo which incorporated the words “Kate McIver Skin Specialist”. They agreed instead that

to begin with Ms McIver would test the market with 5 bottles which were supplied with Ms Tang's labelling. This featured the name Elixir ("the Original Label").

12. The marketing trial was a success and between October 2017 and April 2018 Ms Tang continued to supply Ms McIver with the product, still with the Original Label, still made according to the Tang Formulation. Ms McIver sold the serum on to her customers.
13. In an email dated 29 November 2017 Ms McIver told Ms Tang that she wanted to advertise the serum. Ms Tang's response included "You can get more information on [Ms Tang's] website to promote it".
14. In March 2018 Ms Tang and Ms McIver discussed again the idea of Ms McIver selling the serum with Ms McIver's label on the bottles. Ms Tang was encouraging. In an email dated 21 March 2018 she said

"...its easier, if you have a range so you can say, you now have your own skin care range for your treatment. Promote it on Facebook and your website too...".

15. Between April and June 2018 Ms McIver sold the serum to her customers under her own brand. It was still the Tang Formulation supplied by Ms Tang. The label bore the name KATE MCIVER in upper case, the word "Elixir" in prominent script, together with a description of the product, a list of contents and Ms McIver's email address and post code ("the First McIver Label").
16. In May and June 2018 Ms Tang and Ms McIver discussed alternative arrangements for the packaging of the serum. Ms McIver asked whether it was possible for her to have her own distinctive bottles or packaging. In a message dated 18 May 2018 Ms Tang said:

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

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

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

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

18. I have no doubt that that Ms McIver's account of the painful difficulties inflicted on her by her condition and consequent therapy were accurate. She showed her strength by the way that she dealt with those difficulties. But while her story of being driven to create

a serum to cure her bad skin was presumably attractive from a marketing point of view, it was not true.

19. There was no objective evidence that Ms Tang knew at this stage about Ms McIver's claim to be the creator of Elixir.
20. On 7 June 2018 Ms Tang and Ms McIver met in person at Cheshire Oaks, a retail centre in the Wirral. They continued their discussions by social media after the meeting. On 7 June 2018 Ms McIver asked Ms Tang to send her a few lines on the Elixir serum for marketing purposes. Ms Tang responded on the same day quoting a description of the serum from the YNNY website.
21. On 8 June 2018 there was another Instagram post from Ms McIver for her customers and potential customers. She referred to a skin product, a serum that can only have been a reference to the Elixir serum. The post further said:

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

This serum is still hand made but unfortunately the cost of making it has increased so there will be a small increase at the end of the month.”
22. Other Instagram posts at about the same time from “katemciverskin” referred to the serum having been made by Ms McIver, or as now being produced by “us”.
23. On 12 June 2018 Ms McIver asked Ms Tang for “a few lines how the serum is compared to mass produced”. Ms Tang provided a few sentences, apparently for Ms McIver's use.
24. From 20 June 2018 to August 2018 Ms McIver sold the serum (the Tang Formulation) under a label branded with the words SECRET WEAPON and KATE MCIVER in prominent upper case script (“the Second McIver Label”). As before the label contained a description and ingredients, an email address and post code. For the first time it included in a small typeface the letters YNNY.
25. Although the label no longer used the trade name Elixir, Ms McIver told the public that it was still the serum that she had created. In an Instagram post dated 3 July 2018 Ms McIver used “before and after” photographs of her mother and said, referring to her mother:

“My first Guinea Pig for my serum back when it was a case of making up the serum in my back room at home.”
26. On 20 August 2018 KMS was incorporated and took over Ms McIver's business, including sales of Elixir under the Second McIver Label. Ms Tang's evidence was that towards the end of August 2018 she discovered that Ms McIver had been representing that Ms McIver created the Elixir serum. The defendants' contention was that Ms Tang had known about this all along. Whatever may have been the date on which Ms Tang first became aware of Ms McIver's representation, there is no record of a complaint about it at this time. Nothing turns on it; there was no claim by the defendants of an

estoppel or other similar barrier in law to Ms Tang's entitlement to enforce any right she now relies on.

27. On 6 September 2018 Ms McIver sent an email to Abdur Rahman of Pelham Group ("Pelham"), a manufacturer of cosmetics in Petworth. Ms McIver referred to an earlier conversation between them and suggested that Pelham might make the Elixir serum, quoting the ingredients identified on the label – the ingredients of the Tang Formulation. Ms McIver spoke of a startup order of 1000 units and said:

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

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

"The next steps now we need to add in a few ingredients so the serum is not identical to the original product by my current lady. I would also like to use this as a chance to increase the quality and effectiveness of the serum.

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

29. On 25 September 2018 Mr Rahman emailed to say that new samples had been developed, giving lists of added ingredients for two new proposed formulations which he called samples 3 and 4. Ms McIver chose sample 3, to which, at her suggestion, frankincense oil was added. I will call this "the First Pelham Reformulation". She and Mr Rahman discussed packaging.

30. On 1 October 2018 there was a post on Facebook for Ms McIver's customers and potential customers announcing the "Launch of New Secret Weapon Serum". It included statement in quotation marks from Ms McIver, speaking of her treatment for cancer:

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

The announcement added:

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

31. On 7 November 2018 YNNY was incorporated. Some time in November 2018 Ms Tang informed Ms McIver of an increase in the price for the serum. On 30 November

2018, Kathryn Orr, a friend of Ms McIver's and a co-worker at KMS, told Ms Tang that KMS would cease to use Ms Tang as a source of the serum, with immediate effect.

32. From 1 December 2018 the First Pelham Reformulation, sourced by Pelham, was marketed by KMS in packaging that did not include the name "Elixir". There were no further purchases of serum by KMS from YNNY or Ms Tang.
33. KMS continued to represent this as the serum which Ms McIver had created to deal with her own skin problems caused by chemotherapy. KMS made prominent use of before and after photographs of the celebrity Danielle Lloyd. These were used in an Instagram post dated 19 October 2018, when KMS was marketing Ms Tang's serum, with commentary that included:

"Created by stage 4 cancer thriver Kate McIver."

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

"Mum creates 'secret weapon' serum that's transforming the lives of cancer patients"

The article began:

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

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

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

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

The article quoted Ms McIver:

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

36. On 2 December 2018 Ms McIver gave a radio interview to Gaby Roslin in which she was asked to explain her "Secret Weapon" serum. She spoke of the time she had chemotherapy:

"... I think I had a lot of time on my hands, so I threw myself into my passion for skin, um and I did a lot of training and skin science courses and I started to sort of delve quite deep into the ingredients side of things, um, and product

development because I knew one day that was my sort of end goal, you know, to produce a skincare range.”

37. Ms McIver there referred to a range and was asked shortly afterwards by Ms Roslin to name it. She said it was called “the Secret Weapon Serum”.
38. In early 2019 Ms McIver worked with Pelham to produce another version of the serum (“the Second Pelham Reformulation”).
39. In an Instagram post of 31 January 2019 a customer complained about skin problems caused by the new formulation and asked how it differed from the original. In response, someone from KMS identified as “katemciverskin” said that “Turmeric and other healing ingredients” had been added but that KMS would have “the original formula back on the shelf in a few weeks time”, apparently to fix the “breaking out” caused by the First Pelham Reformulation.
40. On 2 February 2019 KMS placed an order with Pelham for 2000 bottles of the Second Pelham Reformulation.
41. From March 2019 the Second Pelham Reformulation was sold under the names “Kate McIver” and “Secret Weapon”. The name “Elixir” was not on the packaging, but the word “original” appeared prominently. Inconsistently, one Instagram post apparently dating from this time stated that the “Secret Weapon Original Formula is a brand new Formula”.
42. On 1 March 2019 Kathryn Orr gave an interview on the podcast “Ladies of Liverpool”. She spoke of Ms McIver having created the Secret Weapon serum from her research.
43. Ms McIver died on 24 March 2019.

The witnesses

44. I heard evidence from Ms Tang and Mr McIver. The questions put to Mr McIver were about what Ms McIver had done, often events and suggested motivations of which he had no direct knowledge. Mr McIver did his careful and reasonable best to answer the questions. I would guess that it was emotionally difficult for Mr McIver to give evidence about such matters and that, understandably, he felt a strong duty to defend the late Ms McIver from every one of the allegations being made by Ms Tang. With that in mind, he was a good witness.
45. Ms Tang was more forthright and was sometimes indignant in her account of what had happened. She was on one occasion inconsistent in her answers, but I believe that she was doing her best to be honest according to her understanding of the facts.

Passing Off

The Law

46. The basic elements of the passing off, namely (a) goodwill, (b) misrepresentation and (c) damage have long been settled and were confirmed by Lord Oliver in *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 WLR 791, at 499. In respect of the first element, Lord Oliver spoke of the plaintiff in a passing off action being required to

“establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying...brand name or a trade description or [get-up].”

47. There are territorial and other nuances in the law of passing off which did not arise in *Reckitt & Colman* but which were relevant in *Starbucks (HK) Ltd v British Sky Broadcasting Group plc* [2015] UKSC 31. These led the Supreme Court to qualify Lord Oliver’s formulation. It is goodwill that matters in an action for passing off, not reputation. Lord Neuberger PSC, with whom Lords Sumption, Carnwath, Toulson and Hodge JJSC agreed, said:

“[52] As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough... . The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction...”

...

[62] If it was enough for a claimant merely to establish reputation within the jurisdiction to maintain a passing off action, it appears to me that it would tip the balance too much in favour of protection. It would mean that, without having any business or any customers for its product or service in this jurisdiction, a claimant could prevent another person using a mark, such as an ordinary English word ...”

48. As Lord Neuberger implied, passing off is founded on goodwill in a business and damage to that goodwill caused by the misrepresentation. There is no goodwill in a name or get up as such. Lord Neuberger referred to and endorsed the judgment of Lord Diplock in *Star Industrial Company Ltd v Yap Kwee Kor* [1976] FSR 256 (PC). Lord Diplock said this at 269:

“A passing-off action is a remedy for the invasion of a right of property not in the mark, name or get-up improperly used, but in the business or goodwill likely to be injured by the misrepresentation made by passing-off one person's goods as the goods of another. Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached.”

49. Three years after *Star Industrial*, in another case which required exploration of the nuances of passing off, Lord Diplock provided this well-known formulation of the tort in *Erven Warnink Besloten Vennootschap v J. Townend & Sons (Hull)* [1979] AC 731, at 742:

“My Lords, *A. G. Spalding & Bros. v. A. W. Gamage Ltd.*, 84 L.J.Ch. 449 and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes

actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.”

50. In the present case Ms Tang’s counsel relied on “reverse passing off”, a term referred to by the Court of Appeal in *Bristol Conservatories Ltd v Conservatories Custom Built Ltd* [1989] RPC 455. The defendant’s salesmen showed prospective customers a portfolio of photographs of conservatories, implying that these were samples of the goods and workmanship of the defendant. In fact, they were photographs of the claimant’s conservatories. The statement of claim was struck out at first instance, but this was reversed on appeal. Ralph Gibson LJ (with whom the President of the Family Division and Butler-Sloss LJ agreed) said:

“Custom Built, by their misrepresentations, were seeking to induce customers to purchase conservatories from them in order to get a conservatory from the commercial source which had designed and constructed the conservatories shown in the photographs. ... If a customer ordered a conservatory from Custom Built in response to the misrepresentation – as it was the invention of Custom Built that he should – Custom Built would supply conservatories not of the stated commercial source but of their own manufacture.”

51. Ralph Gibson LJ referred with approval to *Plomien Fuel Economiser Company, Limited v National Marketing Company* [1941] Ch 248. In that case the plaintiffs manufactured a product known as an economiser, which reduced fuel consumption in boilers. The defendants marketed economisers made by a third party. They represented that tests had been carried out in connection with their product whereas the tests concerned related to the plaintiffs’ economiser; they further represented that economisers fitted for certain named purchasers were their products, although it was the plaintiffs’ economisers that had been fitted for those customers. The Court of Appeal ruled that this was passing off. In a judgment with which Luxmoore and Parcq LJJ agreed, Lord Greene said:

“It is perfectly true that there is no evidence that a single person who purchased an economiser from the defendants had ever heard of the plaintiffs; but in passing off there is no necessity that the person who is deceived should have known the name of the person who complains of the passing off. In many cases the name is not known at all. It is quite sufficient, in my opinion, to constitute passing off in fact, if a person being minded to obtain goods which are identified in his mind with a definite commercial source is led by false statements to accept goods coming from a different commercial source.”

52. Both Lord Greene and Ralph Gibson LJ pointed out that the wrong restrained in *Bristol Conservatories* and *Plomien* was the same as that restrained in a more typical passing off action. Customers of the defendant wanted to obtain goods or services from source A and they were misled by the defendant’s false representation into getting them from source B, the defendant. In a typical passing off action this is achieved by the defendant’s use of a trade name or get-up confusingly similar to that of the claimant. In *Bristol Conservatories* it was done by supplying customers who wanted conservatories made by the entity which made those in the photographs with its own conservatories instead. In *Plomien* the customers wanted economisers from the source which had fitted its economisers for earlier named customers and which had satisfied certain tests, but they were supplied instead with the defendant’s products. There was

little significantly “reverse” about the passing off in either case, as Ralph Gibson LJ appeared to note although he declined in an interim hearing to make any firm ruling one way or the other about the existence of reverse passing off as a separate tort (at 464). The facts of both *Bristol Conservatories* and *Plomien* fit comfortably into Lord Diplock’s five requirements in *Warnink*.

53. One further issue of law relevant to the present case concerns damage to the claimant’s goodwill. *Dawnay Day & Co. Ltd v Cantor Fitzgerald International* [2000] RPC 669 concerned the fallout from the termination of a joint venture between the first claimant and three individuals experienced in the broking of Eurobonds. The joint venture traded as Dawnay Day Securities Ltd and was part of the Dawnay Day group along with the Dawnay Day corporate claimants. The three Eurobond brokers and three Dawnay Day nominee directors fell out. There was a deadlock in the management of the joint venture which was subsequently sold by the administrator to the defendant. It nonetheless continued to trade as “Dawnay Day Securities”. At first instance it was held that the joint venture’s trading outside the Dawnay Day group under a Dawnay Day name was passing off. The judgment was upheld on appeal. Sir Richard Scott, with whom Henry and Pill LJ agreed, considered the elements of passing off, including damage:

“In respect of each of the Dawnay Day members the necessary ingredient of damage, or the likelihood of damage, is, in my judgment, present. The damage is of two varieties. First, the Dawnay Day members, collectively and individually, have no control over the activities of the proprietors of Dawnay Day Securities. The Dawnay Day reputation will suffer if those activities become in any respect reprehensible. The Dawnay Day companies will be unable to prevent that happening. Secondly, the use of Dawnay Day as a trading style by a company that is not a member of the Dawnay Day group will dilute and, potentially, may destroy the distinctiveness of the name. (See *Taittinger SA v. Allbev Ltd* [1993] F.S.R. 641, per Peter Gibson L.J. at page 669.)”

Discussion

54. The express misrepresentation alleged to have been made by Ms McIver was that she created the Elixir serum. This first happened in her Instagram post of 6 June 2018. It fixes the date by which YNNY must establish goodwill in Ms Tang’s business, see *Starbucks* at [16].
55. Ms Tang’s business in the sale of her serum started in June 2015 and had continued without interruption by 6 June 2018. I am satisfied that her business had acquired goodwill in that period. Her evidence, not challenged, was that she sold her product to beauty practitioners, including Ms McIver, and directly to the public. It is not disputed that if the goodwill existed as of the relevant date, it was assigned to YNNY.
56. The defendants pointed out that Ms Tang never traded under the names “Kate McIver” or “Secret Weapon”, never used any of the own-brand labels used by Ms McIver and never traded as the creator of Elixir serum. She did not, but I fail to see the relevance of this. YNNY’s case is that her business in sales of the serum acquired goodwill and that goodwill was associated in the public mind with the trade name “Elixir”. I find that this case is established.

57. Ms McIver began sales to her customers of the serum made by Ms Tang in October 2017. At that time and until April 2018 sales were made using the Original Label. Ms McIver switched to the First McIver Label in April 2018 and was still using the First McIver Label on 6 June 2018. Both the Original Label and the First McIver Label prominently featured the trade name “Elixir”. The significance of using that trade name was that Ms McIver thereby represented that the serum marketed by her was the same as the Elixir serum marketed by others, including Ms Tang. This representation was true.
58. Ms McIver’s statement on 6 June 2018 that she had put her life and soul into researching and creating the “Kate McIver” serum, can only have been taken as meaning that she had created the Elixir serum she was selling. No alternative was suggested. Thus, Ms McIver’s express representation was that she was the creator of the Elixir serum. By inevitable implication, she also made the further representation that she was the creator of the Elixir serum sold by anyone else, including Ms Tang. Both the express and the implied representation were false. Ms McIver repeated these representations on 8 June and 1 October 2018. It was repeated by her again in her quoted comments in the Liverpool Echo on 1 December 2018 and in her radio interview the next day.
59. The misrepresentations continued at least until March 2019. From that date both the First and Second Pelham Reformulations were marketed. The Second Pelham Reformulation had many more changes than had been the case with the First Pelham Reformulation. However, use of the word “original” still implied that it was a throwback to the earlier formulation. Also, as indicated above, a promotion using photographs of Danielle Lloyd were still used, which implied that the serum marketed after March 2019 had not significantly changed from that marketed in October 2018 – Ms Tang’s serum.
60. I find that the changes made to the formulation of the serum that resulted in the Second Pelham Reformulation were sufficiently extensive for KMS to represent that it was no longer the Elixir serum created by Ms Tang. However, KMS continued to sell the First Pelham Reformulation and for the reasons I have given, the message presented by KMS in respect of both reformulations was that it was the same serum as had been sold as the Elixir serum. In my view, Ms McIver and KMS remained very attached to the attractive story of Ms McIver’s having created their serum because of her efforts to recover from the effects of chemotherapy and through her own research conducted during her recovery from chemotherapy. They continued to state that this was the serum they were selling. This is supported by Kathryn Orr’s interview for the Ladies of Liverpool podcast, the prominent use of “Original” on the packaging and the repeated use of the Danielle Lloyd photographs to promote the product. I take the view that the misrepresentations continued after March 2019.
61. At the trial the principal defence advanced on behalf of the defendants to the alleged misrepresentations turned on an unpleaded assertion about the meeting at Cheshire Oaks on 7 June 2018. It was said that Ms Tang must have agreed to allow Ms McIver to claim that she had created the Elixir serum and that it was entirely her product. Reliance was placed on Ms Tang’s email of 18 May 2018, but this email is inconsistent with such an agreement: in it Ms Tang insists that she was the creator and “copy right stays with me”. I think the alleged agreement is fanciful and did not happen.

62. In an Instagram exchange on 15 June 2018 Ms Tang informed Ms McIver that labelling regulations would require changes to the packaging used, which at least in part led to the Second McIver Label. Ms Tang said that YNNY would have to appear on the packaging but it would not be necessary to state expressly that YNNY made the product. It was argued on behalf of the defendants that this was consistent with a concession by Ms Tang that Ms McIver could say that she made the product. I do not accept that. Ms Tang was doing no more than explaining the minimum changes required to comply with the regulations.
63. I am satisfied that the misrepresentations relied on by YNNY took place.
64. YNNY relied on two heads of damage. The first was loss of sales, although this was based on no more than an inference that there must have been lost sales. I do not find that proved. On 30 November 2018 Ms McIver terminated her arrangement with Ms Tang with immediate effect so there can have been no lost sales from December 2018 onwards. Before that date it is possible that the misrepresentation led to an increase in Ms McIver's sales but that would have meant an increase in Ms Tang's sales. It is also entirely possible that any boost to Ms McIver's sector of the market for Elixir caused by her misrepresentations at any time was limited to that sector, having no significant impact on sales of Elixir through other channels; it just expanded the overall market before 30 November 2018 and/or afterwards. In short, the inferred loss of sales on the part of Ms Tang and/or YNNY was not established on the evidence.
65. YNNY was on stronger ground in its claim that there has been damage to the reputation of Elixir in the context of a skin serum, that there is a risk of this recurring and of loss of the distinctiveness of the Elixir brand name. There was evidence of at least one customer finding that the First Pelham Reformulation caused a skin break out. Continued branding by KMS of its product as "original", which suggests that it is a return to the first formulation of Ms McIver's Elixir product, is likely to leave YNNY still exposed, at least to some degree, to quality issues in respect of KMS's product. Further, the misrepresentation up to the present and the possibility of continuing misrepresentation risks rendering Elixir as the name of a generic type of skin serum.
66. The three elements of passing off set out in *Reckitt & Colman* (as amended) are satisfied. So are the five of Lord Diplock in *Warnink*. YNNY's allegation of passing off is made out.

Malicious Falsehood

67. The sole statement relied on by YNNY in support of its case on malicious falsehood was that Ms McIver, and not Ms Tang, created the Elixir serum.
68. This was not the express statement made by either Ms McIver or KMS. The express statement was confined to Ms McIver having created the Elixir serum. However, in *Ajinomoto Sweeteners SAS v Asda Stores Ltd* [2010] EWCA Civ 609, the Court of Appeal ruled that the single meaning rule of the law of defamation does not apply to the tort of malicious falsehood.
69. The relevant section of the public (for both malicious falsehood and passing off) are those who were aware of the Elixir serum sourced from Ms Tang (irrespective of whether they were aware that Ms Tang was the source) and who became aware of Ms

McIver's or KMS's false representation that the Elixir serum was created by Ms McIver. It seems to me that this section of the public would have received the representation together with the inevitable inference that Ms Tang did not create the Elixir serum. It is the latter which is significant in the context of the allegation of malicious falsehood.

70. Alternative meanings of an alleged malicious falsehood can include an implied meaning. In *Cruddas v Calvert* [2013] EWCA Civ 748, Longmore LJ (with whom Rafferty LJ and Sir Stephen Sedley agreed) discussed the multiple meaning rule in malicious falsehood:

“30. Here the duty of the judge at trial is to indicate the reasonably available meanings, decide if a substantial number of persons would reasonably have understood the words to have such a meaning and then decide, in respect of a meaning which is in fact false and damaging, whether the author was actuated by malice.

31. The first question therefore is whether the imputation of criminal corruption is a meaning which reasonable persons could read into the articles. Although I feel certain that the single meaning required by the law of libel does not carry that imputation, I cannot feel certain that a number of reasonable people would not have understood the articles as making an imputation of criminal corruption. I would therefore reject Mr Rampton's invitation that we should declare that, for the purpose of the malicious falsehood claim, the imputation of criminal corruption is a meaning which is not available for the purposes of malicious falsehood.

32. It might appear that there is a tension, even an incompatibility, between the proposition that a particular meaning is plainly wrong and the proposition that it is nevertheless a possible meaning. The reason why it is not necessarily so lies in the difference between libel and malicious falsehood. In malicious falsehood every reasonably available meaning, damaging or not, has to be considered. In libel, the artifice of a putative single meaning requires the court to find an approximate centre-point in the range of possible meanings. If, instead, a court of first instance selects as the single meaning for libel purposes one of the peripheral meanings in the range relevant to malicious falsehood, an appellate court may very well be satisfied that it has erred, because the single meaning has, generally speaking, to be the (or a) dominant one.”

71. The ingredients of the tort were summarised by Glidewell LJ (with whom Bingham and Leggatt LJ agreed) in *Kaye v Robertson* [1991] FSR 62:

“The essentials of this tort are that the defendant has published about the plaintiff words which are false, that they were published maliciously, and that special damage has followed as the direct and natural result of their publication. As to special damage, the effect of section 3(1) of the Defamation Act 1952 is that it is sufficient if the words published in writing are calculated to cause pecuniary damage to the plaintiff. Malice will be inferred if it be proved that the words were calculated to produce damage and that the defendant knew when he published the words that they were false or was reckless as to whether they were false or not.”

72. The implied published statement as I have found it to be, that Ms Tang did not create the Elixir serum, was false.
73. Tugendhat J summarised the law on malice in *Cruddas v Calvert* at first instance, [2013] EWHC 2298 (QB):

“[204] Mr Rampton has submitted, and it has not been disputed, that for the purposes of malicious falsehood malice means the same as it does in libel in relation to qualified privilege: *Spring v Guardian Assurance plc* [1993] 2 All ER 273 (CA), and Gatley para 21.7.

[205] On this definition a claimant is required to prove that the defendant was actuated by some wrong or improper motive, and knowledge that the words complained of were false will generally be conclusive of malice (other than in those exceptional cases where a person may be under an obligation to pass on information which he knows to be false or does not believe to be true). See *Horrocks v Lowe* [1975] AC 135, 149–151.”

74. It was, of course, not possible for Ms McIver to give evidence about her belief or otherwise in the truth of her statement as to who had created the Elixir serum. However, on the evidence available I have no real doubt that Ms McIver knew that her statement was false. Malice is established.
75. In *Cruddas* Tugendhat J also discussed the meaning of s.3(1) of the Defamation Act 1952:

“[193] In the present case no actual damage is pleaded. Mr Cruddas relies on 3(1) of the 1952 Act. In *Tesla Motors [v British Broadcasting Corporation]* [2011] EWHC 2760 it was common ground that the words ‘calculated to cause pecuniary damage’ mean ‘more likely than not to cause pecuniary damage’. See *IBM v Websphere Limited* [2004] EWHC 529 (Ch) at para 74. ...

...

[195] Mr Rampton submits that the meaning of ‘likely’ given in *Tesla* is correct. I did not hear oral submissions on the law. I adopt that meaning for the reasons given in that case.”

76. For the reasons I have given in the context of passing off, I am not satisfied that the false statement caused YNNY any pecuniary loss. The claim for malicious falsehood fails.

Causing loss by unlawful means

77. Lord Hoffmann summarised the ingredients of the tort in *OBG Limited v Allan* [2007] UKHL 21. His analysis was shared by the majority (Lord Walker, Baroness Hale and Lord Brown) and was endorsed by the Supreme Court in *Secretary of State for Health v Servier Laboratories Ltd* [2021] UKSC 24 at [1]. Lord Hoffmann said:

“[47] The essence of the tort therefore appears to be (a) a wrongful interference with the actions of a third party in which the claimant has an economic interest and (b) an intention thereby to cause loss to the claimant. ...

...

[49] In my opinion, and subject to one qualification, acts against a third party count as unlawful means only if they are actionable by that third party. The qualification is that they will also be unlawful means if the only reason why they are not actionable is because the third party has suffered no loss. ...

...

[51] Unlawful means therefore consists of acts intended to cause loss to the claimant by interfering with the freedom of a third party in a way which is unlawful as against that third party and which is intended to cause loss to the claimant. It does not in my opinion include acts which may be unlawful against a third party but which do not affect his freedom to deal with the claimant.”

78. Lord Hoffmann explained the meaning of intention to cause loss:

“[62] Finally, there is the question of intention. In the *Lumley v Gye* tort, there must be an intention to procure a breach of contract. In the unlawful means tort, there must be an intention to cause loss. The ends which must have been intended are different. *South Wales Miners’ Federation v Glamorgan Coal Co Ltd* [1905] AC 239 shows that one may intend to procure a breach of contract without intending to cause loss. Likewise, one may intend to cause loss without intending to procure a breach of contract. But the concept of intention is in both cases the same. In both cases it is necessary to distinguish between ends, means and consequences. One intends to cause loss even though it is the means by which one achieved the end of enriching oneself. On the other hand, one is not liable for loss which is neither a desired end nor a means of attaining it but merely a foreseeable consequence of one’s actions.”

79. In my opinion, YNNY has not established the requisite intention on the part of Ms McIver in the present case. Ms McIver certainly intended to promote her own business and may have realised that it was foreseeable that this could lead to a loss on the part of Ms Tang and/or YNNY, although I am not at all certain that she will have thought this through. However, even if that were the case, I am satisfied that their loss was not the end she intended within the meaning explained by Lord Hoffmann.

80. Loss by unlawful means has not been established.

Copyright

81. In closing both counsel stated that YNNY’s case in respect of copyright stood or fell with the defendants’ assertion that the use by Ms McIver of the copyright work relied on, namely her marketing materials used for promoting the Elixir serum.

82. The alleged infringing text used by Ms McIver was copied from Ms Tang’s marketing materials following requests made by Ms McIver on 7 June 2018 and 12 June 2018 for information about the Elixir serum for Ms McIver to use for her own marketing. The words in issue were freely supplied by Ms Tang in part on 7 June 2018 and in part on 12 June 2018 in response to those requests. In my view there was a bare licence granted by Ms Tang to use that text. However, as conceded in the pleaded Defence, that licence

ran only so long as Ms McIver bought her serum from Ms Tang. The licence came to an end on 30 November 2018. Use thereafter, if there has been any, was infringing use.

Conclusion

83. YNNY succeeds in its claim for passing off. Its claim for malicious falsehood and causing loss by unlawful means is dismissed. YNNY's claim for copyright infringement succeeds but only in relation to relevant acts by the defendants, if any, since 30 November 2018.