



**YOURS NATURALLY YOURS LIMITED V KATE MCIVER LIMITED &
ANOR**

[2023] EWCA Civ 1493

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The Claimant was a retail and wholesale supplier of skin care products. In 2015 the Claimant's director, Georgina Tang, created a skin serum, which she marketed under the name "Elixir" ("the Elixir Serum"). The Elixir Serum was formulated from a unique set of natural ingredients. had antiaging properties and was discovered to reduce fine lines, wrinkles, acne and scarring.

Kate McIver was a skin therapist. Ms McIver had undergone treatment for cancer and had been left with poor skin. She discovered the Elixir Serum as a suitable treatment for her skin and was impressed by the results.

In 2017 Ms McIver started utilising the Elixir Serum in her treatments and selling it to her clients. Subsequently, Ms McIver enquired with Ms Tang as to whether she might source the Elixir Serum under a white labelling agreement, in order that she could market it for sale via her social media accounts. Ms Tang agreed. Initially Ms McIver's label included the marks "Kate McIver" and "Elixir". Although, subsequently Ms McIver's label was changed, omitting "Elixir" and renaming the product "Secret Weapon". In due course Ms McIver incorporated Kate McIver Skin Limited ("KMS") in order to take over her business.

In aid of her marketing, Ms McIver started laying claim to being the creator of Elixir. Ms McIver made multiple false statements via her website and social media accounts and to the press that she had created the Elixir Serum.

Ms McIver approached a third party to reverse engineer the Elixir Serum and then to make some minor changes to the formula. The result was a product that had the same characteristics as the Elixir Serum in terms of appearance and texture. KMS terminated its white labelling arrangement with the Claimant and started marketing the replacement product under the marks "Kate McIver" and "Secret Weapon" and "Limited Edition" ("the Limited Edition Serum").

The Limited Edition Serum was found to cause acne for some users. Ms McIver promised the return of the original formula. Some months later KMS launched a slightly different product, but still similar in appearance and texture to the Elixir Serum. That product was again marketed under the marks "Kate McIver" and "Secret Weapon", but "Limited Edition" was replaced with "Original" ("the Original Serum"). Articles in the Liverpool Echo and the Daily

Mail resulted in an explosion of sales for the Defendant. Ms McIver's cancer returned, sadly resulting in her death.

The Claimant issued a claim against KMS and the estate of Ms McIver for passing off, malicious falsehood and unlawful interference. KMS was also using the Claimant's descriptions for the Elixir Serum in marketing the Limited Edition Serum, such that the Claimant included a claim for infringement of copyright.

The trial of the claim took place before HHJ Hacon on 28 February 2023 and 1 March 2023. Judgment was handed down on 20 April 2023. HHJ Hacon granted judgment in favour of the Claimant in respect of the claims for passing off and copyright infringement. Notwithstanding findings of malice, HHJ Hacon dismissed the claims for malicious falsehood and unlawful interference because there was no evidence of loss and damage supportive of such claims.

The central aspect of the claim was passing off. The Defendants maintained that the test of Lord Oliver for passing off in *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 WLR 491 was not met because the Claimant had not shown "goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public **by association** with the identifying "get-up" (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get up is recognised by the public as distinctive specifically of the plaintiff's goods and services" (emphasis added).

HHJ Hacon considered that the Claimant had goodwill that was associated with "Elixir" and that KMS (and Ms McIver as joint tortfeasor) had made misrepresentations causing as to damage the Claimant's reputation. The judgment picked up on the themes in *Plomien Fuel Economiser Company Ltd v National School of Salesmanship Ltd* [1943] 60 RPC 209 and *Bristol Conservatories Ltd v Conservatories Custom Built Ltd* [1989] RPC 455 (both Court of Appeal decisions). Commentators sometimes use the term "reverse passing off".

The Defendants could not accept a wider test for passing off than that of Lord Oliver in *Reckitt* and so appealed to the Court of Appeal. The appeal hearing took place on 30 November 2023 before King, Arnold and Stuart-Smith LJ. Judgment was handed down on 19 December 2023

with Arnold LJ delivering the leading judgment, with which King and Stuart-Smith LJ agreed. The appeal was dismissed.

Arnold LJ confirmed that not all cases of passing off must fall within the test of Lord Oliver in *Reckitt*. There need be no association with a particular mark or get-up. The tort is somewhat wider, as demonstrated by the decisions in *Plomien* and *Bristol Conservatories*. Arnold LJ also referenced the decision of Patten J in *ScanSafe Ltd v MessageLabs Ltd* [2006] EWHC 2015, which specifically dealt with a white labelling arrangement. Arnold LJ considered that the most comprehensive statement of law was that of Lord Diplock in *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] AC 731 as follows:

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.

The facts in *Yours Naturally Naturally Yours Limited v Kate McIver Skin Limited* plainly met that test. The decision is important because the Court of Appeal made clear that a wide test for passing off is apposite. Passing off is not a closed shop, limited to claims pertaining to misrepresentation by use of marks or get-up. Instead, the tort of passing off is capable of covering a multitude of circumstances whereby a person causes damage to goodwill or reputation by misrepresentation. Further, it represents a cautionary tale to those engaged in white labelling arrangements and signals the importance of establishing ownership of goodwill and use of marks by way of contractual agreement at the outset.

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