

O-013-08

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2423826
BY HELEN ADAMS
TO REGISTER THE TRADE MARK:**

FirstRung

IN CLASSES 35, 36 AND 41

AND

**THE OPPOSITION THERETO
UNDER NO 94845
BY FIRSTRUNG.COM LIMITED**

Trade Marks Act 1994

**In the matter of application no 2423826
by Helen Adams
to register the trade mark:
FirstRung
in classes 35, 36 and 41
and the opposition thereto
under no 94845
by Firstrung.Com Limited**

INTRODUCTION

1) On 8 June 2006 Ms Helen Adams applied to register the trade mark FirstRung (the trade mark). The application was published for opposition purposes on 29 September 2006 with the following specification:

advertising, promotions of, publicity, referrals on commission, advertising and promotion of services and products on the Internet;

information and advice pertaining to property, property ownership, property purchasing, insuring, mortgages, personal finance, brokering;

publishing including Internet publishing.

The above services are in classes 35, 36 and 41 respectively of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2) On 12 December 2006 Firstrung.Com Limited filed a notice of opposition to the registration of the application. The notice of opposition was completed by Mr Paul Holmes, who is described as the operations director of Firstrung.Com Limited. All of the evidence of Firstrung.Com Limited and all of its correspondence emanates from Mr Holmes. The opposition is based on section 5(4)(a) of the Trade Marks Act 1994 (the Act), which states:

“(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-
(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade,”

and Section 3(6) of the Act which states:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

3) The grounds under section 5(4)(a) are based on the following signs which Mr Holmes states have been used since 2002 in relation to “all goods and services in relation to the classes stated: class 35, class 36, class 41”:



Mr Holmes states that Firstrung.Com Limited provides information services and provides mortgages primarily targeted at first time buyers in the United Kingdom. He states that Firstrung.Com Limited owns or operates under licence from the domain names: firstrung.com, firstrung.net, firstrung.org, firstrung.co.uk, firstrung.tv, firstrung.eu, first-rung.co.uk and first-rung.com. Mr Holmes claims that Firstrung.Com Limited has accrued a considerable amount of goodwill in the trade mark Firstrung and that it enjoys a strong reputation amongst “the internet community”. Mr Holmes claims that Firstrung.Com Limited is often referred to as Firstrung. Mr Holmes is, therefore, relying upon the law of passing-off. The principles of the law of passing-off were summarised by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 at page 406:

“The law of passing off can be summarised in one short, general proposition: no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must 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 'get-up' (whether it consists simply of a brand name or 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 or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."

4) Mr Holmes states that Ms Adams must have been aware of the reputation of Firstrung.Com Limited and its use and reputation in the "script version of the Firstrung mark" before she applied for registration of the trade mark. Mr Holmes claims that the application for the trade mark was made in bad faith as it was made in an attempt to hamper the development of the opponent.

5) Ms Adams filed a counterstatement. She states that she is the managing director and majority shareholder of FirstRungNow Limited which she states owns and runs an information website with the domain name firstrungnow.com. She states that the site provides wide ranging advice and information resources relating to the United Kingdom property market, focussing on the needs of first time buyers. Ms Adams states that she made the application to register the trade mark in good faith in order to protect the legitimate trading goodwill in the FIRSTRUNG trade mark, which has been generated by FirstRungNow Limited. Ms Adams states that FirstRungNow Limited began trading prior to the opponent.

6) Ms Adams denies the grounds of opposition, the basis of the denial primarily rests on the activities of FirstRungNow Limited.

7) Mr Holmes and Ms Adams both filed evidence.

8) The parties were advised that they had a right to a hearing and that if neither party requested a hearing a decision would be made from the papers and any written submissions that were received. Neither side requested a hearing. Both sides submitted written submissions, which I have considered.

Evidence

Considerations re the evidence filed

9) My summary of the evidence focuses on those parts that are relevant to the case. This is, inter alia, defined by date. For the application to have been made in bad faith it would have to have been so at the date of application, 8 June

2006¹. In relation to passing-off, it is well established that the material date is the date of the behaviour complained of². Section 5(4)(a) implements article 4(4)(b) of Directive 2008/95/EC of 22 October 2008 which states:

“rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark.”

Consequently, the latest date at which Firstrung.Com Limited has to establish that it had a goodwill in relation to the signs upon which it relies is the date of application, 8 June 2006. (However, if it is shown that Ms Adams has used the trade mark prior to this date, the material date for passing-off purposes may be an earlier date.) The accepted definition of goodwill is that of Lord Macnaghten in *IRC v Muller & Co's Margarine Ltd* [1901] AC 217:

"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. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates. Goodwill is composed of a variety of elements. It differs in its composition in different trades and in different businesses in the same trade. One element may preponderate here and another element there. To analyse goodwill and split it up into its component parts, to pare it down as the Commissioners desire to do until nothing is left but a dry residuum ingrained in the actual place where the business is carried on while everything else is in the air, seem to me to be as useful for practical purposes as it would be to resolve the human body into the various substances of which it is said to be composed. The goodwill of a business is one whole, and in a case like this it must be dealt with as such. For my part, I think that if there is one attribute common to all cases of goodwill it is the attribute of locality. For goodwill has no independent existence. It

¹ Mr David Kitchen QC, sitting as the appointed person, in *Ferrero SpA's Trade Marks* [2004] RPC 29:

“Bad faith must therefore be established as at the date of the application. Nevertheless I do not believe this excludes from consideration matters which have occurred after the date of the application. They may well assist in determining the state of mind of the applicant at the date of the application. In the present case the hearing officer certainly did take into consideration matters which fell after the relevant filing dates.”

² *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9.

cannot subsist by itself. It must be attached to a business. Destroy the business, and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again."

How goodwill is to be established has been dealt with in several judgments³. *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* establishes that one cannot just follow a formula or demand certain predetermined requirements to be met. However, the establishment of goodwill will always require objective evidence of fact, mere assertions are not enough.

Evidence of Firstrung.Com Limited

Witness statement of Paul Holmes

10) In his evidence, Mr Holmes Firstrung.Com Limited describes himself as the director and as the principal director of Firstrung.Com Limited. He states that the principal domain name from which the company operates is firstrung.co.uk, which was registered in his name in 1999. He states that Firstrung.Com Limited moved to "full 'online' trading in 2004, principally from the aforesaid domain name. He states the "the Directors have built up considerable intellectual property 'wealth' in the website and the company known simply as Firstrung". He states that he has built up a reputation in the company and the brand in journalistic circles, publishing circles, the mortgage industry and the wider public. He states that "[t]he original company firstrung (UK) limited" was incorporated in 2002. He states that the company operated its first website from early 2004, which was replaced by a later version in 2005. Mr Holmes goes on to comment that third party investors are interested in Firstrung.Com Limited, this does not have relevance to the case before me.

11) Mr Holmes states that Firstrung.Com Limited owns or operates under licence the domain names: firstrung.com, firstrung.net, firstrung.org, firstrung.co.uk, firstrung.tv, firstrung.eu, first-rung.com and first-rung.co.uk.

12) Mr Holmes states that in July 2006 Firstrung.Com Limited "began the process of registering the CTM trademark "Firstrung". He states that upon searching the online CTM (Community trade mark) data base (sic) the company's intellectual property lawyers discovered that Ms Adams had made the application the subject of this opposition. Mr Holmes states that Firstrung.Com Limited applied to register the trade mark FIRSTRUNG as a Community trade mark in July 2006 and subsequently two other trade marks, "in order to protect its fledgling brand". The representatives of Ms Adams have filed a copy of a decision of the opposition division of the Office for Harmonization in the Internal

³ *South Cone Inc v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19, *Loaded BL O/191/02, Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2007] RPC 5 and *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat).

Market (Trade Marks and Designs) (OHIM) dated 28 November 2008. The opposition was lodged by FirstRungNow Limited. It was based on one United Kingdom trade mark registration and this application, the opposition was upheld and the application rejected in its entirety. In the decision the following is written:

“The applicant argues that the opposition should be rejected. It claims that United Kingdom trade mark application No 2 423 826 was rejected by the United Kingdom’s Trade Mark Office and that it was actually filed by the opponent in bad faith.”

The first statement is patently obviously not true.

13) Mr Holmes states that considerable on-line and “offline” advertising and marketing expense (sic) has been invested to promote the brand Firstrung over the four years up to October 2007. He states that “the trading mark “Firstrung” is already in use by Firstrung.com limited and had been used as early as 2002 and as an ‘online’ brand since 2004”.

14) Mr Holmes states that there are “currently” 32,500 results for the term Firstrung if a search using Google® is conducted. He states that, with the exception of a handful of results, these relate and link back to Firstrung.Com Limited and the website firstrung.co.uk. Mr Holmes then goes on to comment upon these Google® hits. This relates to a position after the latest material date and so I will say no more about this part of the evidence.

15) Mr Holmes refers to publications that have referred to Firstrung and himself. The references are not adduced in the evidence and there is no indication as to the date upon which they arose.

16) Mr Holmes states that Firstrung is a respected news service for first time buyers and for property news. He comments on the difference between the website traffic of Firstrung.Com Limited and that of FirstRungNow Limited.

17) Mr Holmes states, under the heading of ‘bad faith’:

“It is incredulous as to what benefit Helen Adams would have if successful in her application for the trademark Firstrung given her organisation firstrungnow.com would find it impossible to trade as Firstrung.”

Mr Holmes states that Firstrungnow.com Limited and Ms Adams first began trading as a company in November 2003. He states that FirstRungNow specialised only (sic) in providing introduction services to first time buyers who wished to ‘partner up’ with strangers to buy their first property. Mr Holmes states that as this venture failed Ms Adams/FirstRungNow Limited began to extend its services to include several services that Firstrung.Com Limited offered from its website and ‘offline’.

18) Mr Holmes states that it “is the opinion of the directors of Firstrung.com limited that Helen Adams is now seeking to register the trademark “Firstrung” not in a genuine attempt to trade by using the mark, but to deliberately (and in a poor business practice) hinder the future development of the genuine owners of the trading mark Firstrung”.

19) Mr Holmes states that Firstrung.Com Limited has corresponded with Ms Adams as the director of FirstRungNow Limited on several occasions. He states that in 2005 Firstrung.Com Limited requested that FirstRungNow Limited remove any reference to itself as Firstrung on its website. He states that FirstRungNow Limited deferred to this request. Firstrung.Com Limited complained that FirstRungNow Limited had become a news contributor to the “News-now network” some two years after Firstrung.Com Limited had established a relationship with it. He states that it is “the opinion of Firstrung” that this is a deliberate act to confuse the public as FirstRungNow Limited provides no credible news, it simply supplies aggregated news content. Mr Holmes states that FirstRungNow Limited “completed this deliberate exercise in confusion by following Firstrung onto the Google news network”. He states that FirstRungNow Limited began to include the term firstrung in its meta title, meta description and the keywords on its website.

20) Mr Holmes states that FirstRungNow Limited is not referred to as Firstrung. He states that the other trade marks that she has registered in relation to on-line business activities include holidayhomes-now and parentaid-now. Mr Holmes states that in recent months Ms Adams has added pages to the website firstrungnow.com in order to create confusion with firstrung.co.uk. He states that Ms Adams has placed a reference to the word firstrung in her website code. Mr Holmes states that following complaints from Firstrung.Com Limited this code has been removed. Mr Holmes refers to the use of Firstrung on the firstrungnow.com website in April 2007. Mr Holmes states that Ms Adams allows FirstRungNow Limited to be referred to as firstrung now or first-rung-now. He states that she had previously always insisted on the company being referred to as firstrungnow.com in all her dealings with news publishers.

21) Mr Holmes exhibits various documents:

- An e-mail dated 13 September 2002 inviting a person to a seminar to be hosted by the web development team.
- An e-mail dated 31 October 2002 re a possible application for a grant towards the costs of the design and hosting of a website.
- An e-mail from Zendor EUNITE dated 8 November 2002 which gives details of the terms for design and hosting of a website.
- A copy of a page from an identified website which emanates from 10 May 2007. This refers to the views of Mr Holmes, “director of Firstrung”, on modular homes and first time buyers.

- An extract from the WHOIS data base showing Mr Holmes to be the owner of firstrung.co.uk, it shows that the domain name was registered on 20 November 1999.
- Copies of e-mails between Mr Holmes and Ms Adams dated 13 June 2007 re the media referring to FirstRungNow Limited as Firstrung.
- Copies of e-mails between Mr Holmes and Ms Adams dated 23 March 2007 re the domain names of Firstrung.Com Limited. In his e-mail Mr Holmes refers to firstrung as being “a widely known generic term”. (From another reference it would appear that Mr Holmes actually means the very opposite and that firstrung refers to the business of Firstrung.Com Limited.)
- A copy of an e-mail dated 1 June 2005 to firstrungnow.com from Mr Holmes which states:

“Could you please cease and desist from naming your forum “firstrung” I fear it may cause confusion with firstrung.co.uk”.

- Copies of various e-mails between Mr Holmes and Ms Adams in which they outline their views of their respective positions. I note in an e-mail dated 22 March 2007 the following:

“Unlike you I have no personal liability were this dispute is concerned. I am a Director of a ltd company that either operates under licence, or owns domain names pertaining to the trading of the company, my liability does not extend beyond that. It is you who should therefore consider the extent of personal liability for you and your family in this matter.”

- A copy of a letter dated 10 August 2006. This appears to be from the legal representatives of FirstRungNow Limited and deals with the dispute with Firstrung.Com Limited as to the use of Firstrung. The letter refers to an e-mail sent by Mr Holmes to FirstRungNow Limited on 2 August 2006 and a posting made earlier in 2006 by Mr Holmes on the Housepricecrash forum.
- An undated first page from a search conducted on the Google® search engine using the term *first time buyers*. There are three hits which relate to Firstrung.UK. The synopsis shown in the hits relates to views about the housing market.

Evidence of Helen Adams.

Witness statement of Helen Adams

22) Ms Adams states that she is the majority shareholder and managing director of FirstRungNow Limited and has applied for the trade mark in her own name

with the permission of FirstRungNow Limited. She states that it is her intention to license FirstRungNow Limited to use the trade mark.

23) In 2002 Ms Adams, along with Ms Jan Ferrer, decided to set up an information website providing information and advice to first time buyers. In spring 2003 Ms Adams incorporated FirstRungNow Limited. She purchased the domain names FirstRungNow.com and FirstRungNow.co.uk in spring 2003. Ms Adams states that she identified the term 'first rung' as an important part of the name that she wished to use, because it made reference to people wanting to get on the first rung of the property ladder. She found that there were already a number of 'first rung' domain names registered internationally. Ms Adams states that this did not deter her as she did not consider that domain names that had merely been registered, as opposed to put to use, were of any real concern. She states that the Patent Office website also made it clear that "use of a domain name gave no rights of a registered trade mark". As the domain name firstrung.com was not available she adapted the chosen core name by adding the word 'now'. Ms Adams states that in her preliminary trade mark searches she noticed that two other on-line First Rung brands were in use but not registered as trade marks. One was a training company and the other a theatre company, as they were not operating in the same or similar field as she was, she concluded that should not be any objection to her launching as FirstRungNow. She applied for the stylised word trade mark FirstRungNow on 20 May 2003. The trade mark was registered on 5 December 2003. In spring/summer 2003 Ms Adams had engaged Discover IT (UK) Limited to design the FirstRungNow logo for the website and to print stationery for the business. Exhibited at HA1 is a copy of an invoice for this work, dated 29 August 2003. Ms Adams states that she also engaged Discovery IT to develop the website, this went live in November 2003. A copy of an invoice for this work is exhibited at HA2. Ms Adams states that the initial website was designed to generate revenue from subscription fees from users who would pay to download a guide to shared ownership, *The Joint Ownership Guide*. FirstRungNow Limited also operated an on-line introduction service, bringing prospective co-owners together; *The Joint Ownership Guide* cost £5 on its own or £10 with ten profiles of other members.

24) Ms Adams states that the revenue model has now changed. Traffic is attracted to the website with articles and advice, driven by media coverage and advertising. Leads from the website are then sold to reputable mortgage brokers and independent financial advisors, advertising space is also sold on the website.

25) Exhibited at HA3 is what is described as a small sample of examples of local and national press articles that feature the website. The details of these articles are as follows:

- *Daily Telegraph* – date not known.
- *Newbury News* – "in or around November 2003".
- *Reading Central* – 15 January 2004.

- *icliverpool.co.uk* – 28 January 2004.
- *Mortgage Introducer Magazine* – 31 January 2004 – the photocopy of this article is such that it is impossible to read anything that relates to FirstRungNow Ltd or Ms Adams.
- *The Observer* – 15 February 2004.
- *Reading Evening Post* – February 2004.
- *Mortgage Magazine* – March 2004.
- *Wiltshire Guardian* – date not known.
- *Times Educational Supplement* – 26 April 2004.
- *The Sun* – 25 May 2004.
- *St Albans and Harpenden Review* – 2 June 2004.
- *HSBC Your Money* – 2004.
- *Cambridge News Online* – 12 June 2004.
- *The Scotsman* – 3 July 2004.
- *Mortgage Magazine* – July 2005.
- *Mortgage Advisor Magazine* – September 2004.
- *Lincolnshire Echo* – 14 January 2005.
- *What Mortgage Magazine* – January 2005.
- *Berkshire Property Magazine* – 21 January 2005.
- *The People* – 15 May 2005 - the photocopy of this article is such that it is impossible to read anything that relates to FirstRungNow Ltd or Ms Adams.

The articles refer to FirstRungNow Limited, FirstRungNow, firstrungnow.com, Ms Adams and Ms Ferrer; there is also use of the FirstRungNow logo:



Ms Adams states that she makes regular television and radio appearances to promote the website. She has been interviewed on Radio Berkshire twice, Radio 107 Reading, GRW Radio, ITV and on BBC1 Breakfast.

26) Exhibited at HA4 is a copy of an advertorial from *Ginger* of spring 2004, a publication targeted at lone parent families. FirstRungNow paid for this advertorial. In April 2005 FirstRungNow Limited engaged a publication relations firm to represent it at a fee of £10,000, a copy of the agreement is exhibited at HA5. Ms Adams states that FirstRungNow Limited was registered with the Federation of Small Businesses in 2004. On 6 July 2004 FirstRungNow Limited subscribed to the Business Link Berkshire & Wiltshire service for consultancy in relation to the company's marketing strategy and website improvements. In

November 2003 a press mail shot was sent out, to coincide with the launch of the website. FirstRungNow Limited also advertised on the Guardian Online and Time Out websites, spending approximately £10,000 on this coverage.

27) Ms Adams states that she is regularly asked to provide content, articles and expert commentary in the media regarding issues relating to first time buyers. She states that she is also regularly approached by professionals in the trade with a view to “partnering with them”. Exhibited at HA6 are copies of two e-mails, dated 8 and 9 March 2004 from undertakings which wish to be listed on the FirstRungNow website.

28) Exhibited at HA7 are copies of five articles that refer to Ms Adams and FirstRungNow Limited. They emanate from between 20 November 2006 and 24 July 2007 and so from after the material date in these proceedings.

29) Ms Adams states that FirstRungNow Limited’s website started off as the only specialist website catering to the first time buyer. She states that Firstrung.Com Limited is definitely FirstRungNow Limited’s main competitor, there are very few other independent websites focussing on the first time buyer.

30) Ms Adams states (at paragraph 25):

“In connection with this, search engines are increasingly sophisticated and people generally search for what they are looking for with the minimum of search cues so as to minimise the amount of typing time involved. Therefore, even where people do know and remember our full name accurately, they may still only be inclined to type FIRSTRUNG into their search. Because of this, the part of our name is ultimately of most prominence and importance in terms of consumer recognition.”

31) Exhibited at HA8 are copies of six e-mails to sent to FirstRungNow Limited which refer to First Rung. These emanate from between 2 August 2006 and 7 November 2007, and so after the material date.

32) Ms Adams states that she considered it wise to embrace the contraction of the name of FirstRungNow rather than to fight against it. She states that for this reason she decided that it would be wise to protect both versions of “my” brand. Accordingly, in May 2006 she used the Patent Office Search and Advisory Service to check that FirstRung was still available. She exhibits at HA9 a copy of the report, dated 26 May 2006, which advises, inter alia:

“The search shows that there are no other marks which are the same as, or similar to yours, for the same or similar goods or services as yours.”

Ms Adams states that she first became aware of Firstrung.Com Limited in June 2005 when Mr Holmes complained that FirstRungNow Limited had published a

discussion forum on the website under the name "FirstRung Forum". Mr Holmes asked FirstRungNow Limited to cease and desist from naming the forum "FirstRung" in order to prevent confusion with the Firstrung.Com Limited's website at firstrung.co.uk.

33) Ms Adams states that subsequently there have been a number of instances of actual confusion that she is aware of. She lists some of the instances of which she is aware, which occurred in October 2006, the summer of 2007 and January 2008. Ms Adams states that she is receiving mail meant for Firstrung.Com Limited, including invoices.

34) Ms Adams states that Mr Holmes threatened legal action against her. She states that she now knows that these threats were ridiculous as he had no significant trading reputation and no registered trade marks. As she was not a trade mark specialist, she states that she, naïvely, tried to avoid a conflict and complied with the demands of Mr Holmes. She accepted the claims of Mr Holmes. Ms Adams states that Mr Holmes was not satisfied with the re-naming of the forum. She states that he continued to complain; the next instance was in relation to News-now, an on-line news feed. Ms Adams states that FirstRungNow Limited has developed a relationship with News-now to syndicate first time buyer news and articles on-line. She states that this seemed to anger Mr Holmes as he claimed to have worked with News-now before FirstRungNow Limited. Ms Adams states that Mr Holmes said that FirstRungNow Limited had no right to work with News-now and that FirstRungNow Limited was trying to pass itself off as firstrung.co.uk. Ms Adams states that a number of other complaints followed from Mr Holmes. She conducted some research and obtained legal advice. Ms Adams states that she was amazed to find that not only did Firstrung.Com Limited have no registered trade marks but that it had not actually started trading. Ms Adams states that Firstrung.Com Limited website only began attracting traffic in summer 2005. She exhibits at HA11 a print of the Alexa traffic monitor for the domain name firstrung.co.uk. Ms Adams states that when she had initially looked at Firstrung.Com Limited's website it was nothing more than a holding page.

35) Exhibited at HA12 is a page from a Google® search conducted on 8 February 2008, and so emanating from well after the material date.

36) Exhibited at HA13 is a response from Hammonds to the letter sent to Firstrung.Com Limited by FirstRungNow Limited's legal representatives, and exhibited by Mr Holmes (see paragraph 21). The letter states, inter alia, that in July 2004 Firstrung.Com Limited launched its first website. It states that in the summer of 2005 version 2 of the Firstrung.Com Limited website went live. The letter refers to an e-mail sent by Ms Adams to Mr Holmes on 17 July 2006. It quotes the following:

“My understanding from you and your website is that you are the owner of the FirstRung trademark and words.”

Part of an e-mail sent by Ms Adams to Mr Holmes on 11 July 2006 is also quoted:

“[W]e are FirstRungNow not FirstRung. We never call ourselves FirstRung nor do we try and pretend we are FirstRung.”

The letter refers to the e-mails being attached, these have not been included in the exhibit.

37) Ms Adams states that she noticed that Firstrung.Com Limited was using the ® symbol in relation to FirstRung on its website. She states that she contacted the Patent Office which asked Firstrung.Com Limited to cease using the symbol.

Witness statements of Maisha Frost and Katy Nicholson.

38) Ms Frost is a journalist with the *Daily Express* and the *Sunday Express*. Ms Nicholson is the head of communications for the Housing Corporation. Both witnesses give examples of confusing the websites of Firstrung.Com Limited and FirstRungNow Limited.

Evidence in reply of Firstrung.Com Limited

39) This consists of a further witness statement by Mr Holmes. A good deal of the witness statement consists of submissions and a critique of the evidence of Ms Adams, rather than evidence of fact. I take on board the arguments that Mr Holmes makes but will only record here evidence of fact. Mr Holmes also conducts a critique of the business model of Ms Adams, I cannot see that this has any relevance to the proceedings.

40) Mr Holmes states that the assets of Firstrung (UK) Limited were acquired by Firstrung.Com Limited in 2004. He states that the company and its assets are to be acquired by a mortgage broker. He states that he, trading as firstrung (UK) limited, began trading in 2002. Mr Holmes states that Ms Adams commissioned a website media company, Web Events, with the instruction to make the FirstRungNow Limited website to look like the Firstrung.Com Limited website. He states that Ms Adams also instructed the company to put code into the new site “cloaking firstrung.co.uk” in an attempt to deliberately cause confusion. Mr Holmes states that this was confirmed by conversations he had with a Web Events representative; he does not give the name or position of the representative. He states that during telephone conversations with the unnamed individual it was revealed that part of the instructions given to the web developers was to look at firstrung.co.uk as a competitor and to improve upon its content and structure. Mr Holmes states that firstrung.co.uk has been live on the world wide

web since 2004. He states that a holding page for firstrung.co.uk was live from late 2003. He states that Firstrung (UK) Limited traded off line between 2002 and 2004.

41) Mr Holmes states that the income generated by FirstRungNow Limited between 2003 and 2006 was less than £5,000 per annum. He states that during this period the company spent £30,000. Mr Holmes states that he could provide up to 2,000 articles concerning himself and Firstrung or firstrung.co.uk. He states that he has featured on Radio 4's "world at ten" (sic) and on the BBC both in Scotland and the United Kingdom. He states that he is constantly interviewed by major news organisations for his opinion on mortgage related matters.

42) Mr Holmes refers to the number of hits that are currently generated by a Google® search for the term "firstrung". As he is writing on 10 July 2008 this does not have a bearing upon the case before me, being over two years after the material date.

43) Mr Holmes states that firstrung.co.uk was on the newsnow.com network from 2004, he states that Ms Adams requested inclusion on this site in 2006. He states that firstrung.co.uk was on the Google® news network from 2004 and that Ms Adams "followed" in 2004. Mr Holmes states that there have been approximately 2,000 articles in previous two years alone written by journalists about himself or Firstrung.Com Limited; these would all be after the material date.

44) Mr Holmes states that the ® symbol was used "in recognition of our rights to the mark in lieu of our European trade mark application. Having discussed the matter with the trade mark registry we took the r off and replaced it with tm where appropriate".

45) Exhibited at FRN3 are pages showing hits from a Google® search. The search was conducted on 11 July 2008, the earliest hit emanates from 12 June 2008. So all of this material emanates from well after the material date. Various other pages from the Internet are exhibited, they were also downloaded on 11 July 2008. All but one of the articles exhibited emanates from 2008, the exception emanates from 26 January 2007; so again all of this material emanates from after the material date. Two pages from firstrung.co.uk are also exhibited, again downloaded on 11 July 2008.

46) Exhibited at FRN4 are reproductions of e-mails between Mr Robert Gaunt and Ms Adams.

Decision

Section 5(4)(a) of the Act – passing-off

47) Firstrung.Com Limited has to establish that as of 8 June 2006, at the latest, it had a protectable goodwill. It or Mr Holmes owns various domain names, it has a registered company name; these do not give rise to a protectable goodwill. Goodwill arises from the result of business activities. There is no indication of customers, there is no indication of income. The accounts of the business are not adduced. Mr Holmes writes of “off line” activity prior to online activity but produces nothing in relation to this. He does not produce any web pages from before the material date. He refers to Google® hits, these emanate from after the material date and would not of themselves indicate a business that is trading. There is a total absence of evidence that would allow me to find that as of 8 June 2006 Firstrung.Com Limited had a protectable goodwill. In the absence of evidence of goodwill the grounds of opposition in relation to the law of passing-off must fail.

Section 3(6) – bad faith

48) Bad faith includes dishonesty and “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined⁴”. Certain behaviour might have become prevalent but this does not mean that it can be deemed to be acceptable⁵. It is necessary to apply what is referred to as the “combined test”. This requires me to decide what Ms Adams knew at the time of making the application and then, in the light of that knowledge, whether his behaviour fell short of acceptable commercial behaviour⁶. Bad faith impugns the character of an individual or collective character of a business, as such it is a serious allegation⁷. The more serious the allegation the more cogent must be the evidence to support it⁸. However, the matter still has to be decided upon the balance of probabilities.

49) In my summary of the evidence I have dealt with Ms Adams’ statements in relation to FirstRungNow Limited in order to give a full view of the conflict

⁴ *Gromax Plasticulture Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

⁵ *Harrison v Teton Valley Trading Co* [2005] FSR 10.

⁶ (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* Privy Council Appeal No. 38 of 2004 and *Ajit Weekly Trade Mark* [2006] RPC 25.

⁷ See *Royal Enfield Trade Marks* [2002] RPC 24.

⁸ *Re H (minors)* [1996] AC 563.

between the parties. It is necessary, however, that one does not conflate the legal entity of FirstRungNow Limited with the natural person of Ms Adams. Any rights accrued to FirstRungNow Limited belong to that undertaking and not to Ms Adams; her position as majority shareholder and managing director does not make the undertaking and herself as one and the same. The two are separate legal entities, the intention to grant FirstRungNow Limited a licence does not alter the state of affairs.

50) In his evidence Mr Holmes adds to the basis of his opposition under section 3(6) of the Act. He argues that owing to the earlier rights of Firstrung.Com Limited Ms Adams could not use the trade mark and so there was no intention to use the trade mark and so the application was made in bad faith⁹. The grounds of opposition have not been amended and so I cannot take into account this tack in relation to bad faith. If I could do so I cannot see that Firstrung.Com Limited could be successful. The issue is whether at the date of application there was an intention to use, not whether use could actually be made of the trade mark. Whether a trade mark can be used is dependent on many factors, use may, for instance, be prevented under the laws of passing-off or copyright. A trade mark registration does not give a right to use, it is a negative right, a right to prevent use by others. There is no evidence that Ms Adams did not intend to use the trade mark at the material date for the services of the application, or anything to suggest that she did not have such an intention.

51) At the time of the filing of the application Ms Adams knew of Firstrung.Com Limited. She states that Firstrung.Com Limited website began attracting traffic in summer 2005. Ms Adams states that Firstrung.Com Limited is definitely FirstRungNow Limited's main competitor. Ms Adams states that she first became aware of Firstrung.Com Limited in June 2005 when Mr Holmes complained that FirstRungNow Limited had published a discussion forum on the website under the name "FirstRung Forum". Mr Holmes asked FirstRungNow Limited to cease and desist from naming the forum "FirstRung" in order to prevent confusion with the Firstrung.Com Limited's website at firstrung.co.uk. So at the date of the application Ms Adams was fully aware of Firstrung.Com Limited and its website. Ms Adams used the Patent Office Search and Advisory Service in May 2006 to check whether there were any trade mark registrations or applications that would be likely to prevent the registration of the trade mark. At the time she was fully aware of the conflicting claims of Firstrung.Com Limited. The evidence shows that FirstRungNow Limited has always used the sign FirstRungNow, however third parties have referred to it. (It is, of course,

⁹ The basis of this type of claim is based upon Section 32(3) of the Act which states:

"The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a bona fide intention that it should be so used."

See *Ferrero SpA's Trade Marks* [2004] RPC 29.

necessary to bear in mind that FirstRungNow Limited is not a party to these proceedings.) Despite being after the date of application I consider it useful to bear in mind the contents the e-mails sent by Ms Adams to Mr Holmes on 17 July 2006 and 11 July 2006 respectively:

“My understanding from you and your website is that you are the owner of the FirstRung trademark and words.”

And

“[W]e are FirstRungNow not FirstRung. We never call ourselves FirstRung nor do we try and pretend we are FirstRung.”

52) Owing to the proximity of the signs FirstRung and FirstRungNow being used in the same field of activity, it is a racing certainty that confusion will occur and the parties do not dispute that confusion has occurred and will occur. At the date of application Ms Adams knew of the conflict between FirstRungNow Limited and Firstrung.Com Limited, however, she made an application in her own name for a sign that she acknowledges Firstrung.Com Limited was using in the same field of activity. She was applying for a right that could prevent Firstrung.Com Limited conducting its business under the sign FirstRung. There were and are ways for FirstRungNow Limited, as opposed to Ms Adams, to try to prevent the use of FirstRung by Firstrung.Com Limited ie actions for infringement and/or passing-off. (Action has been threatened but the threat has not been followed up.) I do not consider that the application for the trade mark of one party by the controlling mind of the other party is an appropriate way to try to resolve the conflict.

53) Ms Adams knew of the conflict at the time of her application. To apply for the sign that another uses in the same field of activity and which one agrees is in use and in conflict with a sign used by an undertaking of which one is the controlling mind falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced persons in the particular field being examined. **Consequently, the application was made in bad faith and registration of the trade mark would be contrary to section 3(6) of the Act. The application is refused.**

54) The ability to establish a protectable goodwill has not been determinative of the issue under consideration under section 3(6), partly because of the statements made by Ms Adams herself. A copy of a decision of the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) was filed on behalf of Ms Adams. That decision has no bearing upon the case before me. My decision does not in any way decide upon the rights of FirstRungNow Limited to use the trade mark FirstRungNow or of Firstrung.Com Limited to use the sign FirstRung; they are separate issues.

Costs

55) In this case Firstrung.Com Limited has failed in relation to the law of passing-off. A good deal of the evidence was without any focus; a good deal of it was not evidence of fact at all, however, it still had to be considered by the representatives of Ms Adams. The written submissions of Mr Holmes did not assist in any manner. Mr Holmes did not have legal representation in these proceedings, this might by an excuse for the nature of the evidence and submissions that he furnished, it cannot act as a justification for their nature. Taking into account the total failure of the grounds of opposition under the law of passing-off and the nature of the evidence and submissions of Mr Holmes, I have decided that the sole contribution in costs should be towards the official fee for the filing of an opposition, £200. **I order Ms Helen Adams to pay Firstrung.Com Limited the sum of £200.** 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.

Dated this 15 day of January 2009

**David Landau
For the Registrar
the Comptroller-General**