

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION No. 2423826
IN THE NAME OF HELEN ADAMS**

**AND IN THE MATTER OF OPPOSITION THERETO UNDER No 94845
BY FIRSTRUNG.COM LIMITED**

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON
BY THE APPLICANT
AGAINST THE DECISION OF MR D. LANDAU
DATED 15 JANUARY 2009**

DECISION

Background

1. On 8 June 2006, Helen Adams applied to register under number 2423826 the designation FirstRung for use as a trade mark in respect of the following services:

Class 35

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

Class 36

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

Class 41

Publishing including Internet publishing

2. Ms. Adams is the majority shareholder and Managing Director of a company called FirstRungNow Limited. FirstRungNow Limited is the proprietor of Registration number 2332458 for the figurative mark:



Registration number 2332458 was entered on the register on 5 December 2003 with a filing date of 20 May 2003 in respect of the following services:

Class 35

Insurance services, mortgage services, financial affairs, real estate affairs, estate agency, property finding services, financial services relating to property purchasing, development and investments; advice and consultancy services relating thereto

Class 42

Building surveying; conveyancing services; legal services relating to property purchase, sharing and selling

Class 45

Introduction agency services for people arranging joint ownership or renting of properties

3. Ms. Adams stated that she made the application for FirstRung in her own name with the consent of FirstRungNow Limited and with the intention of licensing the mark to her company for use in connection with its website at www.FirstRungNow.com (Witness Statement of Helen Adams dated 14 March 2008).
4. Application number 2423826 for FirstRung was published on 29 September 2006. On 12 December 2006, Firstrung.Com Limited filed Notice of opposition to the Application on Form TM7. The Form was completed by Paul Holmes, Operations Director of Firstrung.Com Limited. The grounds of opposition were under sections 5(4)(a), 5(4)(b) and 3(6) of the Trade Marks Act 1994. It is unclear what happened to the objection under section 5(4)(b), which appears not to have been pursued.
5. The opposition under section 5(4) was stated to be based on the following earlier right(s):



6. The Applicant took issue with the grounds of opposition in a Notice of defence and counterstatement on Form TM8 submitted on 19 February 2007. Both sides filed evidence and written submissions but the case was decided on the papers since neither party requested a hearing.

The Hearing Officer's decision

7. The Hearing Officer began by summarising the evidence. His summary stands unchallenged except in relation to certain emails said to have been sent by Ms. Adams to Mr. Holmes in July 2006. The facts of this case are in brief:

- (a) Mr. Holmes started preparations or at least formed the intention to trade through the predecessor of the Opponent, Firstrung (UK) Limited, under the sign Firstrung in relation to the provision of information services and mortgages to first time buyers in 2002. The Opponent or its predecessor launched its Firstrung website in 2004 with a second more comprehensive version being released in 2005.
- (b) Ms. Adams started her business through FirstRungNow Limited in 2003. FirstRungNow Limited secured registration of the FIRSTRUNGNOW logo and launched a website under the mark towards the end of the year. The FIRSTRUNGNOW services initially comprised the introduction of co-owners looking to buy shared ownership properties. Subsequently they were expanded to cover general information and advice for first time buyers and included selling advertising space to mortgage providers.
- (c) In June 2005, Mr. Holmes wrote to Ms. Adams complaining about the use of Firstrung (as opposed to FirstRungNow) in relation to a discussion forum on the FirstRungNow Limited website. There followed further correspondence between the parties and their lawyers culminating in the present proceedings.

8. The Hearing Officer dismissed the opposition under section 5(4)(a) that use of FirstRung was liable to be prevented in the UK by virtue of the law of passing off protecting the Opponent's earlier unregistered rights in the mark. He found that the Opponent had failed to establish the necessary goodwill in Firstrung by the application date of 8 June 2006.

9. On the other hand, the Hearing Officer held that the objection under section 3(6) that the Application was made in bad faith succeeded. His reasoning is set out below (minus footnotes):

“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 examined”. Certain behaviour might have become prevalent but this does not mean that it can be deemed to be acceptable. 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 behaviour. Bad faith impugns the character of an individual or collective character of a business, as such it is a

serious allegation. The more serious the allegation the more cogent must be the evidence to support it. 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 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 faith. 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 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.**”

10. The Hearing Officer went on to comment on the compatibility of his findings under sections 5(4)(a) and 3(6):

“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 [upholding an opposition by FirstRungNow Limited to an application for CTM registration of FIRSTRUNG by Firstrung.Com Limited] 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.”

11. He also observed:

“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 ... The written submissions of Mr Holmes did not assist in any manner. Mr Holmes did not have legal representation in these proceedings, this might be an excuse for the nature of the evidence and submissions that he furnished ...”

The appeal

12. On 10 February 2009, the Applicant filed Notice of appeal to the Appointed Person under section 76 of the Act. The grounds of appeal were that the Hearing Officer:
- (a) incorrectly relied on without prejudice correspondence;
 - (b) attributed too little weight to relevant factors;
 - (c) made wrong findings of fact; and/or
 - (d) gave too much weight to peripheral matters.

Standard of Appeal

13. An appeal to the Appointed Person is by way of review and not re-hearing. I should be reluctant to interfere with the Hearing Officer’s decision in the absence of a distinct and material error of principle (*REEF Trade Mark* [2003] RPC 101 at 109 – 110). Interference is not justified merely by surprise at a Hearing Officer’s conclusion or a belief that he has reached the wrong decision (*BUD and BUDWEISER BUDBR□U Trade Marks* [2003] RPC 477, at para. 53).

Preliminary matters

14. The hearing of the appeal was first appointed for 5 October 2009 after a short postponement to accommodate holiday plans.
15. On 10 September 2009, the Applicant sent an email to The Treasury Solicitor enquiring what would happen to the appeal if the Opponent had ceased to exist.
16. Turning to the public records, my investigations of the Register at Companies House revealed that the Opponent, Firstrung.Com Limited, Company number 05351027, was apparently dissolved on 5 May 2009.
17. On 21 September 2009, I issued a request for information under rule 62(1)(a) of the Trade Marks Rules 2008 as to the whereabouts of the assets of Firstrung.Com Limited following its dissolution on 5 May 2009. I also requested sight of any documents/transfer whereby the interests of Firstrung.Com Limited were devolved upon a third party or parties. In the meantime, I stayed the proceedings on appeal.

18. The request was sent through The Treasury Solicitor to the Opposing Party at its address for service on record with copies to: (i) Mr. Holmes, previously representing the Opponent; (ii) Be Solicitors, the Applicant's agent on record; (iii) Ms. Adams, representing herself on appeal; and (iv) the Registrar.
19. Mr. Holmes responded by letter to my request under cover of an email to The Treasury Solicitor dated 8 October 2009. Ms. Adams then sent me her comments in an email to The Treasury Solicitor of the same date.
20. After careful consideration, I did not believe that I had received a satisfactory response as to the whereabouts of the assets of Firstrung.Com Limited – including the benefit of the decision under appeal – following its dissolution on 5 May 2009.
21. Accordingly, on 19 October 2009, I asked The Treasury Solicitor to forward the relevant documents to the Bona Vacantia Department with an invitation to comment.
22. Ms. Armstrong, Bona Vacantia, responded by way of a letter to Mr. Holmes dated 30 October 2009. I understood her response to signify that The Treasury Solicitor did not wish to make any representations in connection with the appeal, but at the same time was not renouncing the decision on opposition.
23. Since it was clear that Mr. Holmes also had no intention of renouncing the decision, the hearing of the appeal was reappointed for 1 February 2010.
24. For the sake of completeness, I should add that Mr. Holmes did not take up Ms. Armstrong's suggestion of applying to restore Firstrung.Com Limited to the Companies Register.
25. On 13 January 2010, Mr. Holmes sent an email to The Treasury Solicitor indicating that he wished to furnish a rebuttal to the appeal.
26. On 18 January 2010, I issued case management directions to the effect, *inter alia*, that if Mr. Holmes wished to respond to the appeal, he needed to make an application to me to be substituted/joined as a party to the proceedings.
27. On 28 January 2010, Mr. Holmes sent an email to The Treasury Solicitor stating that he wished to be substituted/joined as a party to the proceedings and relied on the contents of his letter in response to my request for information under rule 62(1)(a) (see para. 19 above) in support. He confirmed that: (a) he had had sight of the pleadings and evidence; (b) he stood by the grounds stated in the Notice of opposition/evidence; and (c) he accepted liability for the costs of the whole of the proceedings in the event of the opposition proving unsuccessful (*Pharmedica GmbH's Trade Mark Application* [2000] RPC 536 at 538 and 544).
28. I heard Mr. Holmes's application as a preliminary to the hearing of the appeal on 1 February 2010. Ms. Adams appeared in person and Mr. Holmes over the telephone.
29. I granted Mr. Holmes's application. My reasons included as noted by the Hearing Officer: (i) Mr Holmes completed the Notice of opposition; (ii) all of the Opponent's evidence/ correspondence emanated from Mr. Holmes; and (iii) assets used in the

Opponent's business, e.g., the domain names, were owned by Mr. Holmes personally. Further, Mr. Holmes had informed me in response to my request for information under rule 62(1)(a) that following the dissolution of Firstrung.Com Limited, the Firstrung business was being carried on by him as a sole trader. Since however the possibility remained that assets of the dissolved Firstrung.Com Limited might be disposed of to a third party, I decided to add rather than substitute Mr. Holmes as a party to the proceedings (*DAAWAT Trade Mark* [2003] RPC 11).

Without prejudice correspondence

30. The first ground of appeal was that the Hearing Officer wrongly relied on without prejudice correspondence. The correspondence in issue is an email sent by Ms. Adams to Mr. Holmes on 17 July 2006 and an earlier email sent by Ms. Adams to Mr. Holmes on 11 July 2006.
31. I have been all through the Registry file and I am satisfied that those emails were not in the papers before the Hearing Officer when deciding the case or at all. It is clear from the file that the evidence originally submitted by Mr. Holmes on behalf of Firstrung.Com Limited contained material that on its face appeared to be without prejudice. The Registry objected to that material and it was withdrawn by Mr. Holmes on 25 September 2007. The evidence in support of the opposition was eventually filed on 23 October 2007 and contained no without prejudice material.
32. What in fact the Hearing Officer was referring to was an open letter from Hammonds, solicitors for Firstrung.Com Limited, to Be, solicitors for FirstRungNow Limited, dated 31 August 2006. That letter had been put in evidence and relied upon by the Applicant herself at paragraphs 39 and 46 – 47 of the Applicant's witness statement of 14 March 2008 and exhibit HA13 thereto. Hammonds' letter was in response to an open letter from Be to Firstrung.Com Limited, dated 10 August 2006, which was included in the Opponent's evidence as exhibit FR 7 to the witness statement of Mr. Holmes dated 20 October 2007.
33. The Hammonds letter had quoted two lines each from the emails of 17 July 2006 and 11 July 2006 respectively. Although the letter had spoken of the emails being attached, they were not included at exhibit HA13 or anywhere else in the evidence. In turn, the Hearing Officer reproduced the quotations in the context of the Hammonds letter at paragraphs 36 and 51 of his decision.
34. Even assuming that the emails in question were covered by without prejudice privilege (which I cannot decide in the absence of the correspondence), in my judgment any such privilege would have been waived through the actions of the parties (*Somatra Limited v. Sinclair Roche & Temperley* [2000] 1 WLR 2453). The first ground of appeal fails.

Inadequate weight to relevant factors

35. In the second ground of appeal, the Applicant complains that the Hearing Officer attributed inadequate weight to the following: (a) the use of "FIRSTRUNG Forum" on the FirstRungNow website in May/June 2005 before Ms. Adams knew of the Opponent; (b) the fact that the Applicant regards FirstRung as the distinctive and

dominant element of the FirstRungNow mark; (c) third parties referred to FirstRungNow Limited and its business as FirstRung; (d) the Opponent's own conduct, e.g., in proceedings at OHIM; (e) FirstRungNow Limited's successful opposition at OHIM to the Opponent's CTM application for FirstRung; (f) the "racing certainty" of confusion between FirstRungNow and Firstrung; (g) the Hearing Officer's finding that the Opponent had not proved earlier rights in Firstrung.

36. It is apparent from the decision that the Hearing Officer took account of factors (a) to (g) when arriving at his decision. In the second ground of appeal, the Applicant is in reality asking me to reassess the case. However, the Applicant has not identified any error of principle. Whilst I appreciate that the Applicant strongly believes she was merely protecting her business, in the absence of error interference on appeal is not justifiable (*REEF*, above).

Incorrect findings based on the evidence

37. The first and third grounds of appeal are related in that the Applicant says the extract from the email of 17 July 2006 is selectively quoted and should have been read in context. Of course the problem with that argument is that contrary to the Applicant's allegation, the Hearing Officer did not have sight of the email of 17 July 2006. He had before him only the open letter from Hammonds exhibited to the Applicant's witness statement at HA13.
38. The full paragraph from the email is set out in the statement of grounds of appeal (para. 25) and was repeated by Ms. Adams at the hearing. There was no application to introduce fresh evidence on appeal. Even if I were to take note of the wording, I do not believe it changes the sense of the extract into a challenge as contended for by the Applicant.
39. Again, I detect no material error.

Too much weight to peripheral matters

40. In the fourth ground of appeal, the Applicant says that the Hearing Officer was wrong to draw any negative inference from the fact that Ms. Adams applied for the mark in her own name and not in the name of FirstRungNow Limited. I agree with the Applicant that the point is irrelevant. Nonetheless, I am unconvinced that the Hearing Officer drew any negative inference from it. As I read paragraph 49 (reproduced at para. 9 above), he was simply placing his summary of the evidence in context. Insofar as paragraph 49 might suggest otherwise, I believe that is a matter of expression – again not justifying interference – as opposed to an error of principle.

Conclusion

41. In the event, the appeal fails. Mr. Holmes attended the hearing over the telephone. I will order that Ms. Adams pays Mr. Holmes the sum of £100 towards his costs of this appeal.

Professor Ruth Annand, 31 March 2010