

DISPUTE RESOLUTION SERVICE

DRS 07175

Decision of Independent Expert

FirstRungNow Ltd

and

Paul Holmes

1. Parties

Complainant : FirstRungNow Ltd
C/O Clare Griffiths
42 Devonshire Place
Brighton
East Sussex
BN2 2HS

Respondent : Paul Holmes
UK Reg, Discovery House
154 Southgate Street
Gloucester
Gloucestershire
GL1 2EX

2. Domain Names

firstrung.co.uk and first-rung.co.uk (the Domain Names)

3. Procedural Background

On the 24th April 2009 the Complaint was lodged with Nominet UK Limited (“Nominet”). Nominet validated the Complaint on the 27th April 2009 and it was sent to the Respondent giving him 15 working days within which to lodge a Response and which was to be on or before 19th May 2009. The Respondent responded on the 19th May 2009 and the Response was sent to the Complainant on the same day. The

Complainant replied to the Response on the 26th May 2009 and the Reply was sent to the Respondent on the 27th May 2009. Mediation documents were generated for the Complaint and mediation commenced on the 1st June 2009, the mediation was unsuccessful and concluded on the 10th June 2009. On the 10th June 2009 the Complainant paid the appropriate fee for a Decision by an Expert pursuant to paragraph 6 of Nominet's Dispute Resolution Service (DRS) Policy ("the Policy").

On the 10th June 2009 Mr. Niall Lawless ("the Expert") was selected and on the 15th June 2009 appointed to act as Expert in this dispute, having confirmed that he knew of no reason why he could not properly accept the appointment and knew of no matters which ought to be drawn to the attention of the parties which might appear to call in to question his impartiality and / or independence. He is required to give his Decision by 6th July 2009.

4. Outstanding Formal / Procedural Issues

On the 18th June 2009 the Respondent made a non-standard submission under Section 13 B of Nominet's DRS Procedure. The explanatory paragraph explained the reasons for the submission :-

Dear Sir,

Could I respectfully request that you consider this extra information as evidence to include in your deliberations. In conversation with contacts at Nominet it was my understanding that I would get the opportunity to reply to the new points the Complainant's representative has made in their latest and final submission. Failure to contest these claims (some new) would hinder the overall process of fairness. In particular the Complainant's constant reference to trade mark infringement are highly damaging and incorrect, also an explanation is required as to the current status of the organisation known to the wider public as Firstrung.

Yours Sincerely

Paul Holmes

On the same day the Expert confirmed that he will NOT view the Respondent's non-standard submission.

Nominet's (DRS) Procedure clearly sets out the communications process and provides for the following steps : The Complaint (S3); Notification of Complaint (S4); The Response (S5) and Reply by the Complainant (S6).

Section 6 Reply by the Complainant provides :-

Any reply by the Complainant must be restricted solely to matters which are newly raised in the Respondent's response and were not raised in the Complainant's complaint as originally submitted to us. If an Expert is appointed and the reply extends to other matters, the Expert may declare it inadmissible to the extent that it deals with matters going beyond those newly raised in the Respondent's response. To the extent that the Expert intends to take note of any new material, the Expert should invite the Respondent to

file a further submission in response to that material and such further submission shall not exceed 2000 words (not including annexes).

The Expert did not consider the non-standard submission made by the Respondent because :-

- The Respondent was aware or should have been aware of the communications process set out in Nominet's DRS Procedure.
- As set out in Nominet's DRS Procedure Section 6, there is no need for the Respondent to contest any new claims (if any exist) in the Reply provided by the Complainant.
- Expert Decisions are determined by reference to Nominet's DRS Policy and not the law in respect of trade mark infringement.
- The Expert needed no explanation as to the current status of the organisation known to the wider public as Firstrung.

5. The Facts

FirstRungNow Ltd was established in 2003 and provides an online information service aimed at first time buyers of residential property in the UK. It is the owner of the UK registered trade mark number 2332458 dated 20th May 2003 for the words "FIRSTRUNGNOW" and device in classes 36, 42 and 45 ("TM1"). It has also been granted an exclusive license by Ms. Helen Adams (the Managing Director and major shareholder of the Complainant) to use trademark number 2469999 with a filing date of 19th October 2007 for the words "FIRSTRUNGNOW" in classes 35, 36 and 41 ("TM2").

The Respondent registered firstrung.co.uk on the 20th November 1999 and first-rung.co.uk on the 10th May 2005.

The Complainant seeks transfer of the Domain Names to it.

6. The Parties' contentions

The Complainant

The Complainant says that the Domain Names (firstrung.co.uk and first-rung.co.uk) controlled by the Respondent is an Abusive Registration under Nominet's DRS Policy.

The Complainant says that it has been trading since 2003 under the name FIRSTRUNGNOW in relation to the goods and services for which its trademark registrations TM1 and TM2 were registered. Its information services (delivered through firstrungnow.co.uk and firstrungnow.com) are aimed at first-time buyers of residential property in the UK and its value is directly linked to the volume of online traffic it attracts; the

more visitors it has the more it can charge for online advertising from providers of mortgage and other financial services.

The Complainant first launched its website in late 2003 and says that it has been very successful in attracting the attention of the media and also that its Managing Director Helen Adams promotes the Complainants website through regular radio and TV appearances.

The Complainant says that it considers the name FIRSTRUNG to be the distinctive and dominant element of its brand FIRSTRUNGNOW and its name is regularly naturally shortened to just FIRSTRUNG by people who deal with it.

The Complainant acknowledges that the Respondent first registered the Domain Name "firstrung.co.uk" on 20th November 1999 but says that he made no use of it until 2005. The Complainant says that the Respondent incorporated a company Firstrung.com Ltd in February 2005 and subsequently launched a website focused exclusively on providing information to first time buyers in the UK residential property market. The Complainant says that the Respondent's services are identical to those covered by the Complainants and covered by TM1 and TM2.

The Complainant says that the Respondent's use of the Domain Name (s) in this way has caused significant confusion between the Complainant's and the Respondent's respective businesses and has significantly impaired its ability to expand because its online recognition and traffic is being diverted to the Respondent.

The Complainant says that as the views expressed online by it and the Respondent are so different that the confusion arising from the Respondent's use of the Domain Name (s) has not only significantly reduced its traffic but has also taken away its ability to control its public profile and business integrity.

The Complainant says that the Respondent only started to use the Domain Name (s) in an identical market after it had established trademark rights and built up significant goodwill in the name FIRSTRUNGNOW and that the Respondent has continued to expand its business in the full knowledge of its earlier rights in FIRSTRUNGNOW.

The Complainant says that the Respondent has no rights in the name FIRSTRUNG and that it successfully opposed the Respondent's company application for a Community Trademark registration.

The Complainant says that in bad faith the Respondent unsuccessfully sought to oppose the Complainant's application for the word-only mark "FIRSTRUNGNOW" and also to retrospectively seek to have the Complainants original 2003 device and word registration for "FIRSTRUNGNOW" be declared invalid.

The Complainant says that despite its earlier TM1 and TM2 registration when two businesses with similar names operate in identical markets and when compounded by the Respondent's use of the Domain Name (s) this leads to "raging confusion arising". It says that :-

- The Respondent has admitted that confusion is being caused.
- Confusion is arising out of systems such as Google alerts and Google searches.
- There is direct evidence of confusion arising supported by witness statements.

In its Complaint the Complainant says that it is problematic for it to commence trademark infringement proceedings against the Respondent's company given that the Respondent's company may be struck off at any time and the Respondent may seek to start infringing through an alternative corporate vehicle. In its Complaint the Complainant also says that the Respondent's company may be struck off at any time. In its Reply to the Respondent's Response the Complainant says that the Respondent's company which was its opponent and which has at all times used the Domain Name (s) has recently been dissolved.

The Complainant says that the only viable remedy in order to put to an end to the Respondent's abusive and highly damaging use of the Domain Name (s) is their transfer.

The Respondent

The Respondent says that because of the irrefutable chronology that the Domain Name was registered before the Complainant started trading and that he was trading offline through a company called Firstrung UK Limited that the Complaint should be summarily dismissed. He says that the Complainant cannot prove that the Domain Name (s) was registered in an abusive act or used in an abusive manner.

The Respondent says that it has been operating successfully using the Domain Name firstrung.co.uk for approximately 4 to 5 years and that it is in fact the Complainant which is acting in a way to deliberately create confusion and dilute his better known brand which enjoys considerable goodwill.

The Respondent says that he is well published and has made regular appearances on both local and national radio channels, mainly BBC Radio 4 and BBC Radio Scotland.

The Respondent says that in a recent Intellectual Property Office decision (dated 15th January 2009) in respect of an application by Ms Helen Adams to register the trademark "FirstRung" and the notice of opposition filed by Mr Paul Holmes, Ms Adams was found to have acted in bad faith.

The Respondent says that the Complaint could be considered as a defensive "proactive" measure to protect the use of the domains firstrungnow.com and firstrungnow.co.uk, as they were registered after the suite of domain names containing firstrung.co.uk and firstrung.com.

The Respondent says that the Complainant is attempting to use Nominet's DRS to effect "reverse domain name hijacking". The Respondent says that Nominet does have the right in exceptional circumstances to award costs to a Respondent where the Expert decides that the Complainant has acted in bad faith and used the Nominet DRS to attempt to deprive a Respondent of the Domain Name (s).

7. Discussions and Findings

7.1 General

The Nominet DRS Policy requires that for a Complaint to succeed the Complainant must prove to the Expert on the balance of probabilities that :-

- i. The Complainant has Rights in respect of a name or mark which is identical or similar to the Domain Names; and
- ii. The Domain Names, in the hands of the Respondent are Abusive Registrations.

Rights include, but are not limited to, rights enforceable under English Law.

In order to show that the Domain Names are Abusive Registrations, the Complainant must prove that the Domain Name either :-

- i. At the time when the registration or acquisition took place, took unfair advantage of or were unfairly detrimental to the Complainant's Rights.
- ii. Have been used in a manner, which took unfair advantage of or was unfairly detrimental to the Complainant's Rights.

The Complainant is required to prove to the Expert that the Claimant has Rights and that the Domain Names in the hands of the Respondent are Abusive Registrations; both elements must be present.

7.2 Complainant's Rights

It is clear that the Complainant FirstRungNow Ltd has Rights in the trademark FIRSTRUNGNOW.

The Complainant says that "firstrung" is the distinctive and dominant element of its brand and its name is regularly shortened to just FIRSTRUNG by people who deal with it. I accept that the distinctive part of TM1 and TM2 is "FIRSTRUNG" and "NOW" is an entirely descriptive word. The inclusion of "NOW" in the Complainant's name and trademarks does not render the Domain Names (s) as distinguishable from them.

Because of this I decide that the Complainant has Rights in respect of a name or mark which is similar to the Domain Name.

7.3 Abusive Registration

The Complainant says that the Domain Names (firstrung.co.uk and first-rung.co.uk) controlled by the Respondent is an Abusive Registration under Nominet's DRS Policy, but it does not state under which part of the Policy. Under the Nominet DRS Policy Section 3 Evidence of Abusive Registration guidance is given as

to what factors may evidence that the Domain Name is an Abusive Registration. A non-exhaustive list of factors which may evidence that the Domain Name is an Abusive Registration is as follows :-

3(a)(i). Circumstances indicating that the Respondent has registered or otherwise acquired the Domain Name primarily :-

3(a)(i)(A). for the purposes of selling, renting or otherwise transferring the Domain Name to the Complainant or to a competitor of the Complainant, for valuable consideration in excess of the Respondent's documented out-of-pocket costs directly associated with acquiring or using the Domain Name;

3(a)(i)(B). as a blocking registration against a name or mark in which the Complainant has Rights.

3(a)(i)(C). or the purpose of unfairly disrupting the business of the Complainant;

3(a)(ii). Circumstances indicating that the Respondent is using or threatening to use the Domain Name in a way which has confused or is likely to confuse people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant.

Registration of the Domain Name (s)

As the Respondent registered the Domain Name (s) in 1999 several years before the Complainant was established and had any relevant Right's there is no possibility that the Respondent registered the Domain Name primarily for the purposes of selling, renting or otherwise transferring the Domain Name to the Complainant or to a competitor of the Complainant; as a blocking registration against a name or mark in which the Complainant has Rights or the purpose of unfairly disrupting the business of the Complainant.

Nominet operates a "first-come, first-served" system of domain name registration and there is no requirement for the Respondent to show that he has Rights in the name (unlike the Complainant, who must prove that). However, it can help the Respondent's case if he can show that he has rights in the name, as it suggest that the registration (and possibly use) of the name is not abusive.

Failure on the Respondent's part to use the Domain Name for the purposes of e-mail or a website is not in itself evidence that the Domain Name is an Abusive Registration.

Trademark infringement

As stated above and considered in the Deutsche Telekom AG v Lammtara Multiserve Limited (DRS 05856) Appeal Decision Expert Decisions are determined by reference to Nominet's DRS Policy and not the law in respect of trade mark infringement.

While the Policy is intended to represent a quick and cost-effective alternative to litigation, the Policy and the law of trademark are not interchangeable. Not all abusive registrations under the Policy will necessarily

constitute trademark infringement and not all trademark infringements constitute abusive registration under the Policy. This is particularly so in the case of what might constitute 'innocent' (in the sense of unintentional) infringement.

The problem is caused to some extent by the wording of the definition of Abusive Registration (i.e. the references to unfair advantage and unfair detriment), which is taken from Section 10 of the Trademarks Act 1994. Some take the view that this is an indication that trademark infringement must constitute an abuse under the Policy. The Expert does not take that view for three reasons: first, the wording of the definition does not precisely replicate the wording of the infringement provisions of the Trade Marks Act; secondly, "trademark infringement" is not a term that connotes knowing wrongdoing, whereas to the Expert "Abusive Registration" connotes culpable behaviour akin to deliberate wrongdoing; thirdly, if trademark infringement was necessarily to constitute Abusive Registration, one would expect all Nominet's team of independent experts to be lawyers practising in the field of trademarks, whereas many are not.

The law on trade mark infringement and use of domain names for passing off was considered in the 1997 "One in a Million" case.

One of the main planks of the Complainant's argument is that the Respondent's use of the name "FIRSTRUNG" incorporated within the Domain Name will lead to confusion with the Complainant's trademark registration.

In its Complaint the Complainant says that it is problematic for it to commence trademark infringement proceedings against the Respondent's company "*Firstrung.com Limited*" given that the Respondent's company may be struck off and the Respondent may seek to start infringing through an alternative corporate vehicle at any time. In its Reply to the Respondent's Response the Complainant says that the Respondent's company and which has at all times used the Domain Name (s) has recently been dissolved. The dissolution of *Firstrung.com Limited* is not relevant to the allegations of Abusive Registration, under the DRS the Respondent means the person (including a legal person) in whose name or on whose behalf a Domain Name is registered, in this dispute Mr. Paul Holmes.

Given that the Complainant and the Respondent have been in dispute (one way or another) for at least three years, was trademark infringement a pressing concern and which it could evidence the Complainant had for a long time the option of pursuing the matter in the English Court which it has not done. It is not the role of Nominet's DRS to act as a substitute for litigation.

Early correspondence

In any dispute the Parties seek to persuade the Expert to make the decision they want and in Domain Name disputes they generally do this by presenting evidence on disputed issues of fact. The methods used are :-

- The Complaint, the Response and the Reply by the Complainant
- Production of contemporary supporting documents.

I do not doubt that in this dispute each the Complainant and the Respondent believe that they are right and that their version of entitlement is correct and fair in all the circumstances. However, often time does blur what is real and what is not real, more so where there are bad feelings as between the Parties.

There is evidence of considerable bad feelings existing between the Complainant and the Respondent. For example, the Complainant says the Respondent is a “concerted infringer”; he is “dishonest”, etc. The Respondent says that the Complainant “appears to be of damaged mindset”, “constantly seeks to blame others”, etc.

In July 2006 there was an exchange of e-mails between the Complainant and the Respondent.

Respondent’s e-mail to Complainant dated 11th July 2006 :-

“Unfortunately you now leave us no option but to take legal remedies to arrest your attempts at consistent ‘passing off’ in relation to our unique web based proposition. The recent addition of your third party script to Newsnow, in what is obviously an attempt to simply confuse our readership, is simply not tolerable”.

Complainant’s e-mail to Respondent dated 11th July 2006 :-

“I don’t know what you are talking about – we are FirstRungNow.com and not FirstRung.co.uk.

We never call ourselves FirstRung.co.uk nor do we try and pretend we are FirstRung.co.uk. We make it clear on our website that there is no connection between the 2 organizations and have done since you complained”

The Complainant says that this early e-mail correspondence should not be considered by the Expert. It says that it has been doctored by the Respondent to remove the “Without Prejudice” headings in order to introduce inadmissible correspondence by dishonest means.

“Without Prejudice” is a legal label used on letters and emails which are part of a genuine attempt to settle a legal case. Without Prejudice material can (in most cases) be kept secret from the court, so that parties can talk about ways of avoiding litigation without ruining (or ‘prejudicing’) their case.

However, in the DRS the only material which the Expert will not see is the documents and file notes generated as part of the DRS mediation. All other documents, whether or not they are “Without Prejudice” documents, can be sent to the expert. The Expert can choose to ignore this material if it is in the interests of justice to do so, but this is the Expert’s choice.

Contemporary documentary evidence is often the most compelling evidence as it more accurately captures what the Parties actually believed at a point in time. Accordingly I decide that it is in the interests of justice not to ignore this material.

In respect of this early e-mail exchange, in its Reply to the Response the Complainant also says :-

The Complainant, without first obtaining legal advice, responded to the allegations, taking as given the Respondent's wrongful assertion that it had the right to stop the Complainant's use of the name FIRSTRUNG. However, on receiving advice, the Complainant was advised that the Respondent had no registered or unregistered rights in the name and was not entitled to make the demands that it did. Accordingly, the Complainant's focus moved from seeking to fend off potential legal action to seeking to enforce its own intellectual property rights against an infringer.

However it is clear to the Expert from the exchange of e-mails in July 2006 :-

- Both the Complainant and the Respondent had viable web based propositions.
- The Complainant did not at that time believe it had any entitlement to the Domain Name (s).
- The Complainant believed that there was no connection between the two organizations.

Confusion

There is no suggestion that the Respondent registered the Domain Name as part of a portfolio. Indeed having a portfolio of domain names is not wrong and it is an accepted principle of Nominet that secondary trading in domain names is not in itself abusive.

The Complainant simply says that in the period from when it was registered in November 1999 the Respondent made no use of the Domain Name (s) until 2005.

One way the Complainant could evidence that the Domain Name as an Abusive Registration is if it showed that the Respondent is using or threatening to use the Domain Name in a way which has confused or is likely to confuse people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant.

Both the Complainant and the Respondent agree that there is confusion.

The Complainants says that two businesses with :-

- Such similar names
- In the same market
- Identical business propositions

cannot co-exist in the same market without raging confusion arising.

Confusion arose at least as far back as mid 2005. In its e-mail in respect of the “Firstrung forum” dated 1st June 2005 the Complainant says that when it registered the domain name FirstRungNow.co.uk (26th April 2003) and FirstRungNow.com that the Domain Name firstrung.co.uk was not in use. It is clear that the Complainant chose the name FirstRungNow for its business after it knew that the Domain Name was registered by the Respondent.

The term “property ladder” is widely used in the UK to describe the progression from owning lower cost to higher cost accommodation. The term “first rung” is also used in conjunction with “property ladder” to describe the first step in entering the residential property market in the UK.

The Complainant and the Respondent had similar names and it should not have come as a surprise to the Complainant that the Domain Name (s) was going to be used in the same market that the Complainant wanted to occupy.

In respect of the identical business propositions the Respondent says that initially there was considerable distance between the two organisations; it was only in 2006 following the Complainants failure as a “dating agency” for first-time buyers, it deliberately reinvented itself causing the confusion.

Commonsense might have alerted the Complainant of the potential for longer term problems and despite from as early as June 2005 being aware of the potential for confusion the Complainant and the Respondent each willfully carried on developing their brands?

There is “raging certainty of confusion”; but the Complainant and the Respondent are mutually liable for that confusion.

The Complainant has not persuaded me on the balance of probabilities that the Domain Name has been used in a way which has confused people or businesses and that under the test set out in Nominet’s DRS Policy 3(a)(ii) and that in the control of the Respondent the Domain Name is an Abusive Registration.

Because of the above, I decide that the Respondent has not operated the Domain Name to the detriment of the Complainant’s rights.

Reverse domain name hijacking

Within Nominet’s DRS this is defined as an attempt by a complainant to misuse the DRS policy with the intent of depriving a registrant of a domain name.

I do not doubt that in this dispute each the Complainant and the Respondent believe that they are right and that their version of entitlement is correct and fair in all the circumstances.

There no evidence to support the Respondents assertion that the Claimant is attempting to use Nominet's DRS to perform "reverse domain name hijacking".

7.4 Conclusion

The Expert finds on the balance of probabilities that the Complainant has Rights in respect of a name identical or similar to the Domain Name but that the Complainant has failed to prove, on the balance of probabilities, that the Domain Name, in the hands of the Respondent is an Abusive Registration.

8. Decision

For the reasons set out in detail above, having decided that the Domain Name in the hands of the Respondent is not an Abusive Registration, the Expert directs that no action is required.

Signed Niall Lawless

Dated 6th July 2009