

O-143-07

TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION No 2362230
BY SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED
TO REGISTER THE TRADE MARK
THE ONE
IN CLASSES 9 & 16
AND IN THE MATTER OF OPPOSITION THERETO
UNDER No. 93598
BY TONY COLES AND THE1 LIMITED

BACKGROUND

1) On 30 April 2004, Scottish Daily Record and Sunday Mail Ltd of Anderston Quay, Glasgow, G3 8DA applied under the Trade Marks Act 1994 for registration of the trade mark **THE ONE**, in respect of the following goods:

In Class 9: “Directories in electronic format, containing listings of classified information relating to products, services, businesses, amenities, entertainments, recreational services and activities available in specific areas or regions.”

In Class 16: “Printed directories containing listings of classified information relating to products, services, businesses, amenities, entertainments, recreational services and activities available in specific areas or regions; directory covers for the aforesaid goods.”

2) I note that the application proceeded to publication by consent of registration No. 2265592.

3) On 15 July 2005 Tony Coles and The1 Ltd, of October House, 109 Main Road, Naphill, High Wycombe, Bucks, HP14 4SA filed notice of opposition to the application. The grounds of opposition are in summary:

a) The opponents have used the marks “The1” and “TheOne” since 1999 in relation to, *inter alia*, computer hardware & software, telecommunications apparatus, electronic directories, advertising, business management and administration, provision of services and information on the Internet. The mark in suit is identical and/or similar to the opponents’ mark and is applied for in connection with identical and/or similar goods and so the application offends against section 5(4)(a).

4) The applicant subsequently filed a counterstatement denying the opponents’ claims.

5) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 28 March 2007 when the opponents were represented by Ms McFarland of Counsel instructed by Messrs D Young & Co. The applicants were represented by Mr Cormack of Messrs Kennedys.

OPPONENTS’ EVIDENCE

6) The opponents filed a witness statement, dated 10 March 2006, by Tony Derek Coles the Managing Director of The1 Ltd. He states that “I was trading under the business name Pre Press Communications (PPC) from November 1998 to 1 April 2005. On 1 April 2005, all ownership of property, including physical property and intellectual rights and goodwill were transferred to The1 Limited”. It was on 1 April 2005 that The1 Limited was formed. He states that effectively PPC ceased trading on 1 April 2005, and that both entities are owned in their entirety by himself. He states

that PPC used the trade marks The1 and/or The One in connection with their services since 2 April 1999. He states that PPC registered the domain names “theone.co.uk” and “the1.co.uk” for use in connection with their services. At exhibit TDC1 he states that he provides copies of the invoices showing ownership of these domain names in the name of PPC albeit with different addresses for each of the domain names. In actual fact what is exhibited is a printout from a web site UK2.net which accessed the WHOIS database. It does show that the domain name was registered on 2 April 1999 and updated in July 2005. He states that the information regarding proprietorship has yet to be updated.

7) Mr Coles states that he personally owns the domain names “the1.net” and “theone.net”. He states that his company also owns similar domain names in New Zealand and the USA, with an associated Irish Company owning the names in Eire. He states that the services that are supplied under the trade marks “The1” and “TheOne”:

“..primarily amounts to the provision of a business directory and listing, thereby providing information relating to product services in businesses, transport, sport and leisure, property, news, media, government, food and drink, entertainment, technology, shopping, finance, etc to our consumer base.”

8) At exhibit TDC3 Mr Coles provides a print out from the website, dated 27 January 2006. He states at paragraph 4:

“You will note from the menu appearing in the top left-hand corner of the screen, that our website allows businesses to enter a free listing, or to add a sponsored site listing, for the cost of £10 a year. Under the category “advertising options” we allow businesses to add their company to our sponsored sites. Alternatively, we consider banner advertisements for companies with current marketing campaigns. Our costs for displaying advertising banners upon our websites are £100 per business category appearing on our website, per year. A third advertising option that we provide, includes “Affiliates Schemes”. In this way, we add customer’s banners and graphics to our screen, and take a commission on referrals from our website to those advertised, or from sales on the advertised business’ website.”

9) Mr Coles states that access to the website is free and as such it is used extensively. The advertising referred to at exhibit TDC4 is in the Chalfont St Peter Scout Group firework programme for 2002 and 2003. The website is also referred to by third parties in their websites and at exhibit TDC5 he provides printouts which show these references. These are dated 30 June 2005 and are from Yahoo and Google. At exhibit TDC6 he provides print-outs from other websites which carry references/links to his “TheOne” website. These are dated 27 January 2006. He states that as 30 April 2004 his company was promoting over 10,000 companies in the business directory under his trade marks. He states that currently they have half a million users visiting their website each month. In March 2004 the company website received 259,309 “hits”. He provides a table of information on the number of hits and information provided at exhibit TDC7. This shows the number of hits per month from April 1999 (287 hits) to December 2005 (524,844 hits). At exhibit TDC8 he provides copies of correspondence with a design company and also his accountant which shows that the

company has been in business since early 1999. Included in this is a tax return which states that his self employment was with “Pre Press Communications & The 1 Website – Computer services and website”. It states that in the year of the tax return (1999-2000) his self employment made a loss of £2494. He states that the turnover prior to April 2004 was only £10,000 but this figure is not reflective he states of the goodwill accrued. He repeats that access is provided free as a way of increasing awareness.

APPLICANT’S EVIDENCE

10) The applicant filed three witness statements. The first, dated 20 June 2006, is by Stephen White a private investigator. He states that he ascertained from British Telecom that the opponent did not have a telephone number listed under The1 Limited or the1.co.uk. He states that on 30 November 2005 he sent an e-mail to advertise@the1.co.uk asking for a contact telephone number and only received a reply after sending a reminder. The response quoted a mobile phone number, which he rang and spoke to Mr Coles. He states that Mr Coles told him that there were 17-17,500 companies listed on the site, that the total number of hits for November 2005 was 589,276, and that there were 183,390 page views. Mr Coles also told him that he ran the sites from home. Mr White states that:

“4. He commented that, although it did come up through searches on Google or Yahoo, he did not think that “The1” was well known as a brand. He said that he had never paid to advertise the site, although it was an option he would look to do in the future as he had some money available for investment.”

11) The second witness statement, dated 21 June 2006, is by David Alan Black a Director of Digital Media (Regionals) in the applicant’s parent company. Mr Black provides a detailed account of how unreliable “hits” are in reflecting the number of actual users. He explains that an analysis of the opponents’ website showed that just opening the front page would record 28 hits. He states that a member of his technical team examined the opponents’ website closely and estimates that there would have been at most 9000-10,000 page impressions per month as at March 2004. He also points out that it is not possible from this to judge how many users visited the website.

12) Mr Black points out that the level of turnover, even if it did all relate to the website (which is not made clear), would amount to less than £850 per month. Mr Black states that this is “immaterial” when compared to the turnover that is “typically generated by well-known on-line directories”. He points out that one of the advertisements shown on the opponents’ site for O2 was, in all probability, not a direct contract but obtained via a network intermediary. He casts doubt on whether a flat rate fee of £100 would have been paid for the advertisement. It is far more likely that payment would be linked to the number of times the advertisement is used to access the brand owner’s site. He states that his own company receives £1 per thousand page impressions for banner advertising through network intermediaries.

13) Mr Black disputes that the linkages on Google or Yahoo are significant. He states that a number of links will be through mutual linkages where members simply post links to each others sites. He states that:

“16. When searches are being carried out, Internet search engines pick out websites on various different criteria. Google weighs in favour of picking out and ranking websites which have a domain name containing the search term in question. Given this inherently favourable weighting structure, in my view it would be would [sic] very unlikely if Mr Coles’ website did not come out on a Google search against “the1 business directory”.”

14) Mr Black provides a copy of a search he carried out on Google for “accountants in Manchester”. The opponents’ website does not feature although other directories are on the list.

15) The third witness statement, dated 20 June 2006, is by Helen Elizabeth Krushave a solicitor working for McGrigors Solicitors who represent the applicant. She states that she queried with Nominet, the registrar for .co.uk domain names and was advised that the website was kept up to date and that the domain names cannot be transferred unless they use Nominet’s transfer process and that no other attempt to transfer a .co.uk domain name will be valid. She also states that a search of Companies House showed that no company called Pre Press communication has ever been registered.

16) Ms Krushave states that Mr Coles claims that the domain names for the US and New Zealand are registered to “[his] company’s office” in Boston, USA. She states that the domain name registrations show an address of One Post Office Square, Boston. She contacted the owners of the building who responded that they had not heard of any companies with the names “The 1”, “The One” or “Pre Press Communications”. She states that the contact email address for the US and New Zealand domain names was an investment company called Putnam Investments in Boston and that Mr Coles works for Putnam Investments in the UK.

17) That concludes my review of the evidence. I now turn to the decision.

DECISION

18) The sole ground of opposition is under section 5(4)(a) which reads:

“5. (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, or
- (b)

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

19) In deciding whether the mark in question “THE ONE” offends against this section, I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the *WILD CHILD* case [1998] RPC 455. In that decision Mr Hobbs stated that:

“The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purpose of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.

A helpful summary of the elements of an action for passing off can be found in Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731 is (with footnotes omitted) as follows:

‘The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

- (1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and
- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.’

Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

‘To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.’”

20) The date at which the matter must be judged is not entirely clear from Section 5(4)(a) of the Act. This provision is clearly intended to implement Article 4(4)(b) of Directive 89/104/EEC. It is now well settled that it is appropriate to look to the wording of the Directive in order to settle matters of doubt arising from the wording of equivalent provisions of the Act. The relevant date may therefore be either the date of the application for the mark in suit (although not later), or the date at which the acts first complained of commenced – as per the comments in *Cadbury Schweppes Pty Limited v. The Pub Squash Co Ltd* [1981] RPC 429. There is no evidence of the mark in suit being used prior to the date of application. The relevant date is therefore 30 April 2004.

21) At the hearing the applicant accepted that the identicality or similarity of the marks and goods and services meant that if the opponents establish that they enjoyed goodwill at the relevant date under the marks and with regard to the services claimed then the opponents would carry the day.

22) However, the applicant contends that the opponents, Mr Coles and The1 Ltd, did not use the marks “The1” or “TheOne” but any use was by Pre Press Communication (PPC), as stated in the opponents’ evidence. The applicant also contends that there is not, and never has been, a company with this registered name listed at Companies House. They state that the opponents refer to PPC as an entity and states that Mr Coles owned it. They therefore contend that neither opponent has shown that goodwill has vested in them. I agree with part of this contention. In the opponents’ evidence it is stated that The1 Limited was set up on 1 April 2005. Therefore, at the relevant date it was not in existence. It is also stated by the opponents that all property including intellectual property was transferred from PPC to this new limited company, on 1 April 2005. However, the opponents did not file any documents relating to the transfer of assets or goodwill. Therefore, The 1 Limited cannot claim to have any goodwill as at the relevant date. This does not rule them out as an opponent as there is no requirement of *locus standii* under Section 5(4)(a). In reality the existence of this company is an irrelevance as far as this decision is concerned.

23) With regard to whether goodwill was vested in Mr Coles I believe that the applicant is incorrect. In paragraph two of his witness statement Mr Coles states:

“I was trading under the business name Pre Press Communications from November 1998 to 1 April 2005.”

24) Therefore, although he refers to PPC as “an entity” and states that the domain names etc are registered under the name of PPC it is clear that this is actually Mr Coles. The fact that no company of this name has been registered with Companies House is not relevant as there are a variety of companies other than ones which have limited liability. In effect Mr Coles and PPC are one and the same and any goodwill that exists from the use made between November 1998 and 30 April 2004 (the relevant date) vests in Mr Cole.

25) The applicant referred me to the following comments of Pumfrey J. in REEF [2002] RPC 19:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent’s reputation extends to the goods comprised in the applicant’s specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd’s Application (OVAX)* [1946] 63 R.P.C. 97 as qualified by *BALI Trade Mark* [1969] R.P.C. 472). Thus, the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date.....”

26) This cannot be interpreted in a prescriptive fashion. There will be occasions when the evidence does not fall within the above parameters but still establishes goodwill for passing off purposes - see the decision of Professor Annand, sitting as the Appointed Person, in *Loaded* BL 0/191/02.

27) The applicant also referred me to another passage from WILD CHILD where Mr Hobbs stated:

“ I appreciate that the registrar is often required to act upon evidence that might be less than perfect when judged by the standards applied in High Court proceedings. However, I am not willing to regard assertions without any real substantiation as sufficient to sustain an objection to registration under section 5(4).....”

28) At the hearing Mr Cormack made much of what he referred to as inconsistencies in the opponents’ evidence. He drew my attention to various phrases which he stated were not naturally worded but were legalistic in their phraseology. He also drew my attention to issues such as the domain name register not being updated and the way that the evidence of Mr Coles dealt with this issue as opposed to the view expressed by the body responsible for maintaining the domain name register. Whilst I understand his point I believe that he was straining too much to make something out of relatively minor differences.

29) An example of this is the question over whether the businesses listed in the directory put themselves forward or whether Mr Coles simply inputted the information that he gleaned from elsewhere. Does this make the actual directory any less of a directory of businesses? When one uses a directory such as yellow pages does the user ask the question as to whether all of the businesses paid to be listed and does it affect the reputation that the directory would garner? Provided that the information was correct the average user would be blissfully unaware of whether the business sought to be listed. As for the business they would surely not object unless the directory would in some way tarnish their reputations by being unsavoury or in bad taste in its editorial or in the advertising that it carried. Whilst, initially they may not pay for a listing as Mr Coles could not point to any usage figures, once the business has established itself then charges can be levied.

30) Similarly, the fact that Mr Coles stated that he does not advertise where as in fact he has advertised with his local scout troop is, in my mind, a justifiable statement. Any business which agrees to sponsor a small local voluntary organisation like the scouts does, strictly speaking, receive a degree of advertising in return. However, this is not something that most businesses would highlight as being part of or the full extent of their advertising campaign. Many would not view it as serious advertising, merely a legitimate ruse which enables local charity groups to obtain funding and the businesses to write off the amount to tax as advertising.

31) With these considerations in mind I turn to assess the evidence filed on behalf of the parties in the present proceedings as set out earlier in this decision.

32) The applicant accepts that the website exists and that it is used. One of the major contentions was that access to the site was free. I do not understand how free access to a website, particularly when it is in its infancy, can adversely affect its reputation. The average consumer does not pay to use search engines such as Google or Yahoo and yet they have built up substantial reputations on the basis of free access. Similarly, free listing in the directory is almost essential when one is just beginning and does not have an impressive organisation or track record to refer to. The mere act of entering so many businesses details onto the site points to a considerable effort on the part of the opponents.

33) The applicant also commented critically on the reciprocal arrangements regarding advertising sites. Whilst not in itself conclusive, it points to the fact that the owners of the other websites believe that it is worthwhile offering Mr Coles a reciprocal arrangement, a view they would surely only come to if they felt that the opponents' site received enough "hits" to make it worth their while.

34) There was evidence, from the applicant, that the advertising on the opponents' website was not placed there by the company being advertised but by an intermediary acting on behalf of the client company, effectively an advertising agency. I do not believe that who placed the advertisement makes much difference. The applicant's evidence confirms that advertising was taken out on the site and paid for, even if the amount paid for that advertising was very small. This is a start up operation and will not generate income to anything like the level that a recognised business, such as the applicant company, could command.

35) I note that Mr Coles is reported to have said that he did not think that "The1" was well known as a brand. This to my mind seems a very reasonable and realistic comment. It should not be taken to mean that the opponents have no goodwill or reputation in the mark, merely that it is not well known or famous.

36) Lastly, the applicant provided an analysis of the opponents' claims regarding "hits" on its website. I accept that using the number of hits is not a reliable indication in itself of how popular a site is. The applicant's evidence provided an estimate based on an analysis of the opponents' website that there were 9,000-10,000 page impressions a month as at March 2004, although it was pointed out that it is not possible from this to judge how many users visited the website. This is still a considerable number of page impressions, and suggests a considerable number of visitors using the directory. By its very nature a directory is not the kind of document that is read cover to cover.

37) I accept that the usage and turnover are both very low. However, I regard the use shown to be genuine use, this was not questioned by the applicant. To my mind the opponent, Mr Coles, has done enough to show that he has goodwill in the trade marks "The1" and "TheOne". Clearly, both these marks must be regarded as identical or very, very similar to the mark in suit. Equally clear, is the fact that the goods and services of the two parties are identical or very similar, such that there would be misrepresentation. Neither of these positions was contested by the applicant. Such

misrepresentation would lead to damage to the opponents. The opposition under section 5(4)(a) therefore succeeds.

COSTS

38) As the opponents are successful they are entitled to a contribution towards their costs. I order the applicant to pay the opponents the sum of £2,500. This sum 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 30th day of May 2007

**George W Salthouse
For the Registrar,
the Comptroller-General**