

O-154-14

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2610806
BY UKFAST.NET LTD
TO REGISTER THE TRADE MARK
MyCloudStack
IN CLASSES 35, 37 & 38
AND**

**IN THE MATTER OF OPPOSITION
THERE TO UNDER No. 104537 BY
THE APACHE SOFTWARE FOUNDATION**

BACKGROUND

1) On 16 February 2012 Ukfast.Net Ltd (hereinafter the applicant) applied to register the trade mark in respect of:

In Class 35: Business assistance services; bespoke Internet marketing services; bespoke search engine marketing services; marketing and advertising services; business advisory services; business consultancy services; business information services; collection of data; organising, hosting and staging meetings, courses, presentations, events, seminars, workshops, exhibitions for business; compilation of advertisements for use as web pages on the Internet; provision of advertisement and publicity services in relation to the Internet; statistical information; commercial information and directory services; operation and maintenance of a register of Internet or telecommunications numbers, identifiers and names; information, advisory and consultancy services relating to all the aforesaid services.

In Class 37: Equipment installation and maintenance services; fault recovery and maintenance services; information, advisory and consultancy services relating to the aforesaid services; information, advisory and consultancy services relating to all the aforesaid services.

In Class 38: Rental of facsimile apparatus; rental of message sending apparatus; rental of modems and telecommunications equipment; broadcasting of news and information over the Internet and other computer or data networks; electronic mail services; electronic bulletin board services; provision of internet chat rooms; message board services; providing on-line journals, blogs, chat rooms, social networking sites; transmission of messages, data, comments, information, images and multimedia content by electronic mail, instant messaging, text messaging, and via a global computer network and other computer and communications networks and/or devices; internet portal services; provision of domain names; information, advisory and consultancy services relating to all the aforesaid services.

2) The applications were examined and accepted, and subsequently published for opposition purposes on 30 November 2012 in Trade Marks Journal No.6968.

3) On 27 February 2013 Citrix Systems Inc. filed a notice of opposition. On 5 August 2013 the trademark CTM 10479641 and the associated goodwill was transferred from Citrix Systems Inc. to Apache Software Foundation (hereinafter the opponent) who provided the necessary undertaking regarding costs etc. The grounds of the opposition are in summary:

a) The opponent is the proprietor of the following trade mark:

Mark	Number	Date of application / registration	Class	Specification relied upon
CLOUDSTACK	CTM 10479641	08.12.11	9	Data processing equipment; computers; computer software;

	PENDING	Priority date: 08.06.11 United States Of America		computer software that allows users to design, deploy, and manage multi-tier and multi-tenant on-demand, elastic IT infrastructure.
42			Consulting services to assist users in use of software used for designing, deploying, and managing multi-tier and multi-tenant on-demand, elastic IT infrastructure.	

b) The opponent contends that the mark in suit is confusingly similar to its registered trade mark as they both contain the element CLOUDSTACK, and that the goods and services are similar. The mark in suit therefore offends against Section 5(2)(b) of the Act. They also contend that the applicant is seeking to take unfair advantage of its mark and so the application offends against Section 5(3).

c) The opponent also contends that it has used the mark CLOUDSTACK in relation to “software” in the UK since May 2010. The opponent claims to have acquired reputation and goodwill under the trade mark CLOUDSTACK. The applicant’s mark contains this distinctive and dominant element and so use of the mark in suit would amount to passing off and as such the mark in suit offends against Section 5(4)(a) of the Act.

d) The opponent states that the applicant is promoting a cloud based system based on a software infrastructure VMWARE that competes with the CLOUDSTACK software and therefore offends against section 3(6) and has been applied for in bad faith.

4) On 2 May 2013 the applicant filed a counterstatement denying all the grounds.

5) Only the opponent filed evidence. Both parties seek an award of costs in their favour. The matter came to be heard on 12 February 2014 when the opponent was represented by Ms Cookson of Messrs Filemot Technology Law Ltd; the applicant was not represented but filed written submissions.

OPPONENT’S EVIDENCE

6) The opponent filed four witness statements. The first, dated 29 August 2013, is by David Nalley an employee of Citrix Systems Inc, who is based in Florida, USA. He states:

“1. I make this statement from my own personal knowledge and records I, and The Apache Software Foundation (Apache) and my company have kept.

2. CLOUDSTCK software is computer software that allows users to design, deploy and manage multi-tier and multi-tenant on-demand, elastic IT infrastructure. This type of infrastructure as a service (IaaS) Cloud is the broadest aspect of what is generally understood by the wider world of average consumers as cloud computing to whom a cloud may simply refer to remote storage capacity. The CLOUDSTACK software was a product created by a US start-up company called VMOps which was established in late 2007. The software has, since May 2010, been developed through the open source model by a community of contributors from different organisations and distributed across the world.”

7) He also states:

“

	August 2011	January 2012	% growth
Web visitors (cloudstack.org)	33,458	191,391	472%
Community Members	7,901	26,932	241%
Forum Participants	5,309	6,712	26%
Total Forum Posts	1,411	3,095	119%
Twitter Followers	92	1,248	1256%
Downloads per month	5,088	8,808	73%

12. Because the software is open source, Apache do not have traditional figures for sales (but see download figures above) and advertising. Moreover, as an open source project leader, Apache is a not-for-profit organisation. The contributors and value-added resellers who would be involved in conventional advertising use CLOUDSTACK with consent and for-profit. Contributors and users would also exploit software for profit within their organisations.”

And:

“14. Apache is a not-for-profit organisation. It relies on the goodwill and generosity of its community members and exists to produce software free of charge for the public good.”

8) Much of Mr Nalley’s evidence and exhibits relate to technical aspects of the system and do not appear to be relevant to the issues involved in the instant case. As is clear from the quotes above the registered trademark is not used in a normal commercial manner and no evidence of any sales or offering of goods or services for sale under the mark in the UK is provided. The evidence of use is on open source software available for downloading from the Internet free of charge. He also mentions a number of corporations that were using the Cloudstack software prior to February 2012. These include British Telecom, Tata, Tom Tom, Spotify, Orange, Paddy Power and Sky.

9) The second witness statement, dated 6 September 2013, is by Giles Sielt the CEO and Managing Director of Shape Blue Ltd a British company providing strategy, design

and implementation of Internet as a service / Platform as a service (IaaS/PaaS) cloud platforms. He states that his company uses Apache Cloudstack software. He states that he is aware of a number of large companies in the UK who also use CLOUDSTACK software. He states:

“10. When IT people use CLOUDSTACK software to implement their clouds, they may also be in the market for business support and maintenance and all sorts of other business services based on CLOUDSTACK- that is what my company does and that’s why it is essential for my company that the term CLOUDSTACK is not confused.”

10) The third witness statement, dated 3 September 2013, is by Perry Ian Wald who is employed by SunGard Availability Services Ltd as a technical architect. He states that he regards CLOUDSTACK as “a well-known and established brand in the IT industry, seen as one of a small group of key cloud orchestration tools.”

11) The fourth witness statement, dated 23 August 2013, is by Iain Balmer who worked for Tata Communications (UK) Ltd as Global Head of Cloud Architecture. He states “2.... In order to enable the customer to interface with its cloud resources merely using a basic web portal, software such as the CLOUDSTACK product is necessary. Therefore any European entity wishing to make use of this Cloud Infrastructure will be using the CLOUDSTACK software although they may not be aware of it”.

12) That concludes my summary of the evidence filed, insofar as I consider it necessary.

DECISION

13) I shall first consider the ground of opposition under Section 3(6) which reads:

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

14) Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

“Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that...

(c) the application for registration of the trade mark was made in bad faith by the applicant.”

15) I refer to case O/094/11 *Ian Adam* where Mr Hobbs QC acting as the Appointed Person said:

“32. Any attempt to establish bad faith must allow for the fact that there is nothing intrinsically wrong in a person exercising *‘the right to apply the rules of substantive and procedural law in the way that is most to his advantage without laying himself open to an accusation of abuse of rights’* as noted in paragraph [121] of the Opinion delivered by Advocate General Trstenjak in Case C-482/09 Budejovicky Budvar NP v. Anheuser-Busch Inc on 3 February 2011. In paragraph [189] of his judgment at first instance in Hotel Cipriani SRL v. Cipriani (Grosvenor Street) Ltd [2009] EWHC 3032 (Ch); [2009] RPC 9 Arnold J. likewise emphasised:

“... that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Art. 107 can hardly be said to be abusing the Community trade mark system.”

These observations were not called into question in the judgment of the Court of Appeal in that case: [2010] EWCA Civ 110; [2010] RPC 16. They were re-affirmed by Arnold J. in *Och-Ziff Management Europe Ltd v. Och Capital LLP* [2011] ETMR 1 at paragraph [37].

33. The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose. The appropriate remedy will in that case be rejection of the offending application for registration to the extent necessary to render it ineffective for the purpose which made it objectionable in the first place.

34. In a case where the relevant application fulfils the requirements for obtaining a filing date, the key questions are: (1) what, in concrete terms, is the objective that the applicant has been accused of pursuing? (2) is that an objective for the purposes of which the application could not properly be filed? (3) is it established that the application was filed in pursuit of that objective? The first question serves to ensure procedural fairness and clarity of analysis. The second question requires the decision taker to apply a moral standard which, in the absence of any direct

ruling on the point from the Court of Justice, is taken to condemn not only dishonesty but also ‘*some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined*’: Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd [1999] RPC 367 at 379 (Lindsay J). The third question requires the decision taker to give effect to the principle that innocence must be presumed in the absence of evidence sufficient to show that the applicant has acted improperly as alleged.

35. In assessing the evidence, the decision taker is entitled to draw inferences from proven facts provided that he or she does so rationally and without allowing the assessment to degenerate into an exercise in speculation. The Court of Justice has confirmed that there must be an overall assessment which takes into account all factors relevant to the particular case: Case C-529/07 Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH [2009] ECR I-4893 at paragraph [37]; Case C-569/08 Internetportal und Marketing GmbH v. Richard Schlicht [2010] ECR I-00000 at paragraph [42]. As part of that assessment it is necessary as part of that approach to consider the intention of the applicant at the time when the application was filed, with intention being regarded as a subjective factor to be determined by reference to the objective circumstances of the particular case: Chocoladefabriken Lindt & Sprüngli GmbH (above) at paragraphs [41], [42]; Internetportal and Marketing GmbH (above) at paragraph [45]. This accords with the well-established principle that ‘national courts may, case by case, take account -on the basis of objective evidence -of abuse or fraudulent conduct on the part of the persons concerned in order, where appropriate, to deny them the benefit of the provisions of Community law on which they seek to rely’: Case C16/05 The Queen (on the applications of Veli Tum and Mehmet Dari) v. Secretary of State for the Home Department [2007] ECR I-7415 at paragraph [64].

36. The concept of assessing subjective intention objectively has recently been examined by the Court of Appeal in the context of civil proceedings where the defendant was alleged to have acted dishonestly: Starglade Properties Ltd v. Roland Nash [2010] EWCA Civ 1314 (19 November 2010). The Court considered the law as stated in Royal Brunei Airlines v. Tan [1995] 2 AC 378 (PC), Twinsectra Ltd v Yardley [2002] 2 AC 164 (HL), Barlow Clowes International Ltd v. Eurotrust International Ltd [2006] 1 WLR 1476 (PC) and Abu Rahman v. Abacha [2007] 1 LL Rep 115 (CA). These cases were taken to have decided that there is a single standard of honesty, objectively determined by the court and applied to the specific conduct of a specific individual possessing the knowledge and qualities that he or she actually possessed: see paragraphs [25], [28], [29] and [32]. This appears to me to accord with treating intention as a subjective factor to be determined by reference to the objective circumstances of the particular case, as envisaged by the judgments of the Court of Justice relating to the assessment of objections to registration on the ground of bad faith.”

16) In asserting that the mark was applied for in bad faith, the onus rests with the opponents to make out a prima facie case. A claim that a mark was applied for in bad faith implies some action by the applicant which a reasonable person would consider to unacceptable behaviour or, as put by Lindsay in the *Gromax* trade mark case [1999] RPC 10:

“includes some dealings which fall short of the standards of acceptable commercial behaviour”.

17) The issue must be determined on the balance of probabilities. On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on the applicant’s state of mind regarding the application for registration if I am satisfied that its actions in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct.

18) In the instant case it is clear that the applicant was aware of the activities of the opponent and that a CTM application for the mark “CLOUDSTACK” had been filed. The applicant opposed the mark at OHIM, and the initial decision went in its favour. To my mind, the applicant was fully entitled to oppose the CTM application of the opponent and simultaneously seek to register a mark for its own purposes on the basis that the opponent was not trading in software offered online but simply allowing anyone to download it for free. Whether, the opponent’s contention that using the mark “cloudstack” on open source software was trade mark use, and also the applicant’s contention that the mark in suit and that of the opponent are substantially different is something to be determined. I do not regard it as being contrary to normally accepted standards of honest conduct. I also take into account that the terms “cloud” and “stack” are well known terms with very clear meanings when used for software systems. The ground of opposition under Section 3(6) therefore fails.

19) I now turn to consider the ground of opposition 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

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.”

20) In deciding whether the marks in question offend 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 purposes 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.

21) First I must determine the date at which the opponent’s claim is to be assessed; this is known as the material date. In this regard, I note the judgment of the General Court (GC) in *Last Minute Network Ltd v Office for Harmonization in the Internal Market* (Trade Marks and Designs) (OHIM) Joined Cases T-114/07 and T-115/07. In that judgment the GC said:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non registered national mark before the date of filing, in this case 11 March 2000.”

22) The filing date of the application is, therefore, the material date. However, if the applicant has used its trade mark prior to this then this use must also be taken into account. It could, for example, establish that the applicant is the senior user, or that there had been common law acquiescence, or that the status quo should not be disturbed; any of which could mean that the applicant's use would not be liable to be prevented by the law of passing-off – the comments in *Croom's Trade Mark Application* [2005] RPC 2 and *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42 refer." In the instant case the applicant has not provided any evidence of use of its mark and so the relevant date is the date of application, 16 February 2012.

23) The onus is upon the opponent to show that it has goodwill in its mark. I take note of the comments of Pumfrey J in *South Cone Incorporated v JackBessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* case, in which he said:

"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 Section 11 of the 1938 Act (See *Smith Hayden (OVAX)* (1946) 63 RPC 97 as qualified by *BALI* [1969] RPC 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 at the relevant date. Once raised the applicant must rebut the prima facie case. Obviously he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of possibilities that passing off will occur."

24) I must also keep in mind the comments of Mr Justice Floyd in *Minimax GMBH & Co KG and Chubb Fire Limited* [2008] EWHC 1960 (Pat) in which he says of the above:

"Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application."

25) In considering the issues I note that the opponent's evidence, whilst substantially uncorroborated, is unchallenged. I take into account the comments of Mr Arnold Q.C (as he was) when acting as the Appointed Person in *Extreme O/161/07* where he commented on the issue of unchallenged evidence and cross examination:

"Unchallenged evidence

33. *Phipson on Evidence* (16th ed) states at paragraph 12-12:

In general a party is required to challenge in cross-examination the evidence of any witness of the opposing party if he wishes to submit to the court that the evidence should not be accepted on that point. The rule applies in civil cases as it does in criminal. In general the CPR does not alter that position.

This rules [sic] serves the important function of giving the witness the opportunity of explaining any contradiction or alleged problem with his evidence. If a party has decided not to cross-examine on a particular important point, he will be in difficult in submitting that the evidence should be rejected.

However the rule is not an inflexible one...

34. The authority cited in support of this statement of the law is the decision of the House of Lords in *Browne v Dunn* (1894) 6 R 67. The relevant passages from the speeches are set out in the judgment of Hunt J in *Allied Pastoral Holdings v Federal Commissioner of Taxation* (1983) 44 ALR 607, the material parts of which are quoted in the judgment of the Court of Appeal in *Markem Corp v Zipher Ltd* [205] EWCA Civ 267, [2005] RPC 31 at [59]-[60].

35. In my judgment the learned editors of *Phipson* are correct to say that the rule is not an inflexible one. There are at least two well-established exceptions to it. The first is that, as the speech of Lord Herschell LC in *Browne v Dunn* makes clear, it may not be necessary to cross-examine on a point if the witness has been given full notice of it before making his statement. As I pointed out in *BRUTT Trade Marks* [2007] RPC 19 at [23], this may be significant in registry proceedings where evidence is given sequentially. The second is that a court is not obliged to accept a witness's evidence in the absence of cross-examination if it is obviously incredible: see *National Westminster Bank plc v Daniel* [1993] 1 WLR 1453.

36. Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence.

37. Despite this, it is not an uncommon experience to find parties in registry hearings making submissions about such unchallenged evidence which amount to cross-examination of the witness in his absence and an invitation to the hearing officer to disbelieve or discount his evidence. There have been a number of cases in which appeals have been allowed against the decisions of hearing officers who have accepted such submissions. Two recent examples where this appears to have happened which were cited by counsel for the proprietor are *Score Draw Ltd v Finch* [2007] EWHC 462 (Ch), [2007] *BusLR* 864 and *EINSTEIN Trade Mark* (O/068/07). Another recent example is *Scholl Ltd's Application* (O/199/06). I consider that hearing officers should guard themselves against being beguiled by such submissions (which is not, of course, to say that they should assess evidence uncritically)."

26) The opponent contends that it has goodwill in its open source software even though this software is not sold but as its name implies is given away free of charge. The opponent does not offer any other services or goods under the mark. The mark is therefore not used to generate profits. The opponent contended that *Burge v. Haycock* [2002] R.P.C. 28, establishes that a non-profit making organisation can establish goodwill. In that case a political party the "Countryside Alliance". The Court of Appeal distinguishes an earlier case *Kean v. McGivan* [1982] F.S.R. 119, also concerned with a political party but one with little reputation. In this judgement LJ Hale (as she then was before going to the Supreme Court) said at paragraph 68:

"The right to protect such established goodwill cannot in my view depend upon the precise legal status of a body such as this, and in particular whether or not it is a charity."

27) I also refer to *Antartica Srl v OHIM* in case C-320/07 P where the Court of Justice of the European Union in the context of article 8(5) of the Community Trade Mark Regulation held that:

"28 In support of the first part of the single plea, Antartica calls into question the use of the earlier mark for the goods and services in Classes 35 and 36 within the meaning of the Nice Agreement by submitting that The Nasdaq Stock Market offers them in the Community on a non-profit-making basis, whereas the use of a trade mark is based on the premise that the goods or services for which it is registered are paid for.

29 It is sufficient to note in that respect that, even if part of the services for which the earlier mark is registered are offered by The Nasdaq Stock Market free of charge, that does not of itself mean that that commercial company will not seek, by such use of its trade mark, to create or maintain an outlet for those services in the Community, as against the services of other undertakings.

30 As the Court of First Instance held in paragraph 45 of the judgment under appeal, the Nasdaq indices refer to the stock exchange price quotation and

financial services provided by The Nasdaq Stock Market, covered by the earlier mark and in respect of which it was registered.

31 Consequently, the first part of the single plea must be rejected as unfounded.”

28) From these cases I take the view that a mark used on goods and services which are given away by a not for profit organisation can, nevertheless, generate goodwill for the business under the mark. In the instant case the evidence shows that the opponent’s open sourced software has been downloaded and used by a number of well known corporations in the UK such as British Telecom, Tata, Tom Tom, Spotify, Orange, Paddy Power and Sky. To my mind the opponent has demonstrated that it had, at the relevant date, goodwill under its mark CLOUDSTACK in the UK.

29) It is well established that it is not necessary for the parties to a passing-off action to be in the same area of trade or even a related area of trade. The point can be supported by reference to the following passage from Millet L.J.’s judgment in *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697:

“There is no requirement that the defendant should be carrying on a business which competes with that of the plaintiff or which would compete with any natural extension of the plaintiff’s business. The expression “common field of activity” was coined by Wynn-Parry J. in *McCulloch v May* [1948] 65 RPC 58 when he dismissed the plaintiff’s claim for want of this factor. This was contrary to numerous previous authorities (see, for example, *Eastman Photographic Materials Co. Ltd v John Griffiths Cycle Corporation Ltd* (1898) 15 RPC 105 (cameras and bicycles); *Walter v Ashton* (1902) 2 Ch. 282 (The Times Newspaper and bicycles) and is now discredited. In the *Advocaat* case Lord Diplock expressly recognised that an action for passing-off would lie although “the plaintiff and the defendant were not competing traders in the same line of business”. In the *Lego* case Falconer J. acted on evidence that the public had been deceived into thinking that the plaintiffs, who were manufacturers of plastic toy construction kits, had diversified into the manufacture of plastic irrigation equipment for the domestic garden. What the plaintiff in an action for passing-off must prove is not the existence of a common field of activity but likely confusion among the common customers of the parties.

The absence of a common field of activity, therefore is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration.”

30) Also:

“It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant’s goods or services.”

31) And:

“Passing off is a wrongful invasion of a right of property vested in the plaintiff, but the property which is protected in an action for passing off is not the plaintiff’s proprietary right in the name or get-up which the defendant has misappropriated but the goodwill and reputation of the business which is likely to be harmed by the defendant’s misrepresentations.”

32) I also take into account the comments of Morritt L J in the Court of Appeal in *Neutrogena Corporation and Another. v Golden Limited and Another* [1996] RPC 473, when he said, in effect, that the correct test on the issue of deception or confusion was whether, on the balance of probabilities, a substantial number of members of the public would be misled into purchasing the applicant’s services in the belief that they were economically connected to the opponent’s goods.

33) The opponent’s goodwill under its “CLOUDSTACK” mark is in respect of “open sourced software”. The applicant has, broadly speaking, applied for registration in respect of business services including computer related topics; installation and maintenance of equipment and ancillary advice services; rental of communications and computer equipment; communication services; and ancillary services, under its mark “MyCloudStack”. The applicant’s services are such that they could be provided to individuals as well as businesses, therefore the average consumer must be viewed as including businesses and the general public of the UK. Given the obvious similarity in the marks and the closeness of many of the services I believe that either type of average consumer, on the balance of probabilities, will be misled into believing that the services of the applicant are connected to the opponent’s software. That is to say that the applicant’s services are based on the opponent’s software.

34) I must now go on to consider if the opponent has suffered, or is likely to suffer, damage as a result of this misrepresentation. Lord Fraser in *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1980] RPC 31 HL, stated that the opponent must show that “he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill”.

35) Considering the very similar nature of the marks, and in the absence of any reason why the applicant adopted the mark sought to be registered, I conclude that there would also be an obvious form of damage including a direct loss of sales and/or the loss of control on the quality of related goods.

36) The consequence of my findings is that the opposition under Section 5(4) (a) of the Act is successful.

CONCLUSION

37) The opponent has been successful in its opposition under Section 5(4)(a). However, it fails under Section 3(6). The 5(2)(b) and 5(3) grounds do not need to be considered in the light of the above finding.

COSTS

38) As the opponent has been successful it is entitled to a contribution towards its costs.

Preparing a statement and considering the other side's statement	£200
Preparing evidence	£300
Preparing for and attending a hearing	£400
TOTAL	£900

30) I order UkfastNet Limited to pay The Apache Software Foundation the sum of £900. 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 8th day of April 2014

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