

O-275-10

TRADE MARKS ACT 1994

IN THE MATTER OF

AN APPLICATION (2487305) BY MYSPACE INC. TO REGISTER IN CLASSES

25, 35, 38, 41, 42 & 45 THE TRADE MARK:

MYSPACE

AND

OPPOSITION THERETO (UNDER NO 98621)

BY TOTAL WEB SOLUTIONS LIMITED

TRADE MARKS ACT 1994

In the matter of an application by Myspace Inc. to register the trade mark MYSPACE in classes 25, 35, 38, 41, 42 & 45

and

opposition thereto (under no 98621) by Total Web Solutions Limited

Background and the pleadings

1) Myspace Inc. ("MS") is the applicant for the trade mark (MYSPACE) the subject of these proceedings. MS' application was made on 12 May 2008. The services that it seeks to register (but only those which are the subject of the opposition) are set out below:

Class 35: Advertising; business management; business administration; office functions; sales promotion for others; on-line advertising on a computer network; updating of advertising material; providing on-line computer databases and on-line searchable databases featuring classified listings of goods and services, real estate, personals, want ads and employment opportunities; providing career, employment and job placement information via the Internet; on-line retail store services featuring downloadable pre-recorded music, video and computer games, clothing, accessories and books; promoting the goods of others by means of operating an on-line shopping mall with links to the websites of others; comparison shopping services; dissemination of advertising for others via the Internet providing and rental of advertising space on the Internet; on-line advertising and marketing services; providing on-line auction services; promoting the concerts of others; advice and consultancy services relating to all the aforesaid.

Class 38: Telecommunications; computer aided transmission of messages and images; providing access to databases; providing user access to a global computer network; providing on-line chat rooms and electronic bulletin boards for transmission of messages among users in the field of general interest; providing email and instant messaging services; text and numeric wireless digital messaging services; providing multiple-user access to a global computer information network for the transfer and dissemination of a wide range of information and services, and for accessing third party and proprietary websites; communication services, namely, transmission of voice, audio, visual images and data by telecommunications networks, wireless communication networks, the Internet, information services networks and data networks; streaming audio and video material on the Internet; video-on-demand transmission services; providing voice communication services over the Internet;

providing on-line facilities for real-time interaction with other computer users concerning topics of general interest and playing games; podcasting service; webcasting services; advice and consultancy services relating to all the aforesaid.

Class 41: Education; providing of training; entertainment; sporting and cultural activities; providing online information in the field of news and entertainment via the Internet; providing an on-line computer database featuring news and entertainment-related topics; entertainment services in the nature of audio visual entertainment transmitted via communication networks and wireless devices; production and distribution of audio visual entertainment transmitted via communication networks and wireless devices; entertainment services, namely, providing a web site featuring audio, video, graphics, text and other multimedia content; on-line publishing services; entertainment services, namely, providing on-line computer games; on-line journals, namely, blogs featuring personal information and opinions; movie schedule and location information services; organizing entertainment and cultural events; entertainment in the nature of contests, competitions and games; advice and consultancy services relating to all the aforesaid.

Class 42: Design and development of computer hardware and software; creating and maintaining web sites for others; computer services in the nature of customized web pages featuring user-defined information, personal profiles and information; computer services, namely, hosting on-line web facilities for others for organizing and conducting online meetings, gatherings, and interactive discussions; providing on-line directories, databases and search engines for obtaining data on a wide variety of topics and fields of general interest via the Internet; hosting of digital content on the Internet, namely, online journals and blogs; providing temporary use of non-downloadable computer software for use in the creation and publication of on-line journals and blogs; website hosting services; computer services, namely, providing search engines for obtaining data on a global computer network; advice and consultancy services relating to all the aforesaid.

Class 45: Internet based dating, introduction and social networking services; providing horoscope information via the Internet; advice and consultancy services relating to all the aforesaid.

2) Total Web Solutions Limited ("Total") opposes the registration of MS' trade mark application under section 5(4)(a) of the Trade Marks Act 1994 ("the Act"). The rule of law said to give rise to its claim under section 5(4)(a) is the law of passing-off. MS claims that since 1997 it has been using, throughout the UK, the signs MYSPACE.CO.UK & MYSPACE in respect of:

“Internet services, provision of web space, e-mail services, management of domain names, registration of domain names, website design, website hosting, facilitating interaction (networking) between parties using or accessing domains or sub-domains; technical support services and online education and training relating to the above.”

3) Total claims that it has a goodwill associated with the above signs and that the use by MS of the trade mark MYSPACE would amount to an actionable misrepresentation which will damage Total’s goodwill.

4) MS filed a counterstatement denying the grounds of opposition. It states that whilst it [MS] enjoys a goodwill associated with the mark it has applied for, Total lacks any goodwill at all.

5) Only Total filed evidence, I will return to its contents shortly. The matter then came to be heard before me on 28 June 2010 where Total were represented by Mr Johnathan Turner, of Counsel, instructed by Lupton Fawcett LLP. MS were represented by Ms Anna Carboni, of Counsel, instructed by Field Fisher Waterhouse LLP. At the hearing Mr Paul Fallon, who gave written evidence for Total, was cross-examined.

The evidence

6) As stated above, only Total filed evidence in these proceedings. The evidence was given by way of witness statement by Mr Paul Fallon, the joint managing director of Total. Mr Fallon has held this position since Total was formed in 1995. Mr Fallon was cross-examined on his evidence, I therefore begin with an assessment of him as a witness.

7) Both Ms Carboni and Mr Turner felt that Mr Fallon was an honest witness. I share this view. Mr Turner, though, described him as cautious witness whereas Ms Carboni felt that some of his remarks were rather general, not fully supported by the documentary evidence. I felt that the majority of answers and remarks that Mr Fallon gave/made were straightforward and reasonable ones. I agree with Ms Carboni, though, that on occasion (but not many) Mr Fallon was rather general in his remarks and the accompanying details and explanations he gave (an example can be seen later in paragraphs 23-24) were not convincing.

8) I will come back to the evidence in more detail later in this decision, but the primary facts that come from it are that:

- Total registered the domain name myspace.co.uk in 1997 (and also the domain name bigspace.co.uk) for the purpose of providing web space and email facilities to clients using these “descriptive and easily memorable domain names”. The business (in so far as myspace.co.uk was

concerned) reached a peak in December 2000 when it was hosting around 300 websites.

- The websites were hosted using domain names in the format “myspace.co.uk/name” – I will call these “sub-domains”. Also provided were email addresses in the format “name@myspace.co.uk”. In both instances the “name” element would be represented by the client’s name or another word of the client’s choosing. £99 per annum was charged for the service.
- Post the year 2000 there was a decline in the market for such services. Web space on myspace.co.uk (on the sub-domains) continued only up until July 2005. Total’s service declined from 2000 to 2005.
- Prior to 2005 the actual website at myspace.co.uk redirected to a holding page carrying click-through advertising. Although Mr Fallon states in his written evidence that this would have earned revenue, no goodwill is claimed on this basis. In view of this, from 2004 onwards, no marketing of the web space service was conducted.
- 18 longstanding email customers still had myspace.co.uk email addresses as of June 2009 (when Mr Fallon’s written evidence was given).
- Due to the provision of web space “as a shared memorable domain name becoming common again”, Total plans to resume its service. A new software platform has been acquired and time and money spent on developing this. The project is on hold due to the uncertainty caused by these proceedings.

9) Mr Fallon’s written evidence also refers to a dispute between the parties that has been dealt with by the Nominet Dispute Resolution Service (“DRS”). His evidence includes, as an exhibit, information (including evidence) from the DRS complaint. Both sides were agreed that the evidence from the DRS complaint may be treated as evidence in these proceedings. The basic facts in Mr Fallon’s DRS evidence are the same as set out in Mr Fallon’s witness statement filed in these proceedings, but it also contains greater detail, including: a list of the sub-domains as of 2000, examples of what some of the websites hosted on the sub-domains looked like, an example of how Total’s services were offered to the public.

Section 5(4)(a) of the Act

10) Section 5(4)(a) of the Act reads:

“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.”

11) The elements of passing-off (often referred to as the classic trinity) can be summarised as: 1) goodwill, 2) misrepresentation and 3) damage. In *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C.341, Lord Oliver summarised the position quite succinctly when he stated:

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

12) Matters must be assessed at a material date. In terms of this I note the judgment of the General Court 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 where it was stated:

“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.”

13) The date of filing of MS’ application (12 May 2008) is, therefore, the material date. Both sides were agreed at the hearing that Total must have possessed a protectable goodwill at this date. Although MS stated in its pleadings that it has/had a goodwill (whereas Total had none), Ms Carboni confirmed at the hearing that no claim to a senior user status was being made nor was there any claim as to a concurrent goodwill or common law acquiescence¹. Ms Carboni did, though, suggest that the fact that MS have themselves operated a social networking site called MYSPACE, and that this is referred to in the DRS findings and referred to by Mr Fallon during cross-examination, then this at least helps to assist in testing the misrepresentation aspect of passing-off given that there has been no actual confusion. I will return to this point, if necessary, later on, but I should signal in advance my very cautious approach to this submission given that MS have filed no evidence in these proceedings so I am in an extremely difficult position to judge this claim.

14) The first requirement is that Total must have had a goodwill as of 12 May 2008 associated with the signs “myspace” and/or “myspace.co.uk”. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 at 223 as:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first.”

15) The relevant case-law notes that to qualify for protection under the law of passing-off, any goodwill must be of more than a trivial nature². However, being a

¹ Such claims can be relevant in passing-off cases - see, for instance: *Croom’s Trade Mark Application* [2005] RPC 2 and *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42.

² *Hart v Relentless Records* [2002] EWHC 1984

small player does not rule out the law of passing-off from being relied upon - it can be used to protect a limited goodwill³. Mr Turner highlighted the decision in *Sutherland v V2 Music Ltd* [2002] EMLR 28 ("*Sutherland*") where Laddie J stated:

"22 There is one other general matter to deal with before turning to the facts, namely the size of the claimant's reputation. At some point a reputation may be respected by such a small group of people that it will not support a passing-off action. Neither Mr Purle nor Mr Speck were able to formulate a test for this bottom level. Mr Purle said it was a matter of fact and degree. I agree with that. The law of passing off protects the goodwill of a small business as much as the large, but it will not intervene to protect the goodwill which any reasonable person would consider trivial."

16) As can be seen from the facts I have outlined so far, the webhosting business ceased in July 2005, almost three years before the material date. This gives rise to a question as to whether Total retains a residual goodwill in connection with its webhosting business. Ms Carboni and Mr Turner rely on different authorities⁴ in relation to residual goodwill. There is, though, no real difference between them (or the authorities they rely on) as they both accept the proposition that a business no longer trading may still rely on the law of passing-off if it has a residual goodwill, so long as there has been no abandonment of goodwill. Ms Carboni was, though, keen to stress that the fact that Total may wish to resume its business was not relevant as to whether it had a residual goodwill at the material date. This is clearly right. There is no evidence that Total's plan to resume its business is known to any of its old customers (or planned new ones) so all the plan can really achieve is to counter any claim that its goodwill was abandoned - I did not understand Ms Carboni to claim that the goodwill was abandoned so the planned resumption, in terms of goodwill, does little to assist. In terms of residual goodwill, and based on the authorities referred to, it is clearly a matter of fact and degree.

17) In terms of having a residual goodwill, Ms Carboni was unable to concede that Total had a protectable goodwill even at the highpoint of its business in the year 2000. She submitted, however, that if it did, it was of only a small nature to begin with which would not have survived the lapse of time. Ms Carboni's submissions were based not just on the size of the business itself, but also on the method of use of the sign (and the sign's nature) said to be associated with the goodwill.

³ See, for instance, *Stannard v Reay* [1967] FSR 140, *Teleworks v Telework Group* [2002] RPC 27 and *Stacey v 2020 Communications* [1991] FSR 49.

⁴ Mr Turner relied on *Sutherland* and Ms Carboni relied on *Norman Kark Publications Ltd v Odhams Press Ltd* [1962] RPC 163.

18) In terms of the business itself (or at least the business associated with the myspace.co.uk sub-domains and email accounts), by December 2000 there were around 300 websites being hosted on the sub-domains. Each customer was, presumably, paying the £99 per annum fee for the service. A list of these 300 websites, together with customer details, were provided in the DRS evidence. However, as Ms Carboni pointed out during cross-examination, some of the customers owned more than one website and sub-domain. Her count, which Mr Fallon did not disagree with, was that there were 240 customers as of December 2000. Mr Fallon also confirmed that the list did not include subsequent customers as it was just a snap-shot at that point in time. He did, though, admit that from December 2000 to July 2005 there was a gradual decline. His evidence does not set out the rate of decline. He provided no further detail under cross-examination other than an attempt to illustrate the fall-out with a hand gesture. I will not attempt to draw any findings from his hand gesture. However, whatever way one looks at it, it is clear from the evidence that the loss of business was not an overnight loss in 2005. The business would, instead, have gradually whittled down. The up-shot of this is that of those 240 customers, none of them received the service in the 3 years prior to the material date (the business having ceased in July 2005), whilst some of the others ceased to receive Total's service for an even longer period before the material date, some even up to seven and a half years before the material date.

19) There was a discussion between Ms Carboni and Mr Fallon during cross-examination regarding some of the websites hosted on the sub-domains (Belle & Sebastian and Nessie⁵) including a discussion on whether information taken from the Internet archive tool *WayBack Machine* showed a continued use of the sub-domains all the way up to July 2005. I do not consider it necessary to detail the discussion any further than this as whilst I agree with Ms Carboni that there are some flaws in the evidence (such as the dates of last update etc.), Mr Fallon, who I have already described as an honest witness, was clear when he said that some customers would have continued to use their web space service up until July 2005. That being said, this does not take me any further forward than the preceding paragraph in that whilst some customers may still have been using Total's service up until July 2005, others will have ceased using it long before then.

20) There is, of course, the fact that the 240 customers in 2000 were simply a snap-shot at that time. This means that different customers may have come in subsequent to the year 2000, so, overall, it could be argued that there were many more customers to consider. However, it is Mr Fallon's own evidence that the market for these services was in decline and that his customer base declined along with it. Whilst some new customers may have come in subsequent to the year 2000 to replace some of the lost customers, the circumstances are not ones in which it can be inferred that this would have represented significant numbers.

⁵ A pop group, and the alleged monster residing in Loch Ness respectively.

21) In terms of the way the sign(s) have been used (and the nature of them), Mr Fallon's DRS evidence demonstrates the way in which the "myspace" sub-domains and e-mails were sold. The page is headed BIG SPACE with the words underneath reading "THE UK'S BEST WEB SPACE". Further underneath, and to the right, there is a list of items that all accounts include, such as:

"A URL of <http://www.myspace.co.uk/login>" and

"A Free POP3 Mailbox login@myspace.co.uk"

22) The web page also has a list of Frequently Asked Questions relating to these accounts, the following information is provided:

"What will be the address (URL) for my Web site?

Unless you register a domain name your URL will be
<http://myspace.co.uk/<loginname>>

If you register a domain then generally we recommend a syntax of
<http://www.<domainname><domainsuffix>>

....."

23) Other evidence from the DRS complaint (or more specifically Total's response to it) shows (at annex 9) the capacity to log in to an account, but in a way which gives greater prominence to the MYSPACE name (although Total Web Solutions would be regarded as the primary trade origin indicating sign). However, these documents, according to the accompanying information, relate to the proposed new software platform and not to anything used prior to the material date. This cannot, therefore assist. In terms of the lack of promotion or use of MYSPACE as a "brand", the following exchange also took place between Ms Carboni and Mr Fallon:

"But there was not any use of My Space in a similar way to that Big Space logo?

A. No, we never had a brand in a similar manner to that.

Q. You did not advertise your service as the My Space service?

A. Well, we did advertise it as the My Space service, maybe not on the website but back in 98 most of our sales came from the telephone. Our sales team would have sold it as a My Space web space or a My Space email address. Customers would have asked for that as well. They would have known it as My Space."

24) Although Mr Fallon stuck to his guns in further questioning, I did not find his explanation to be detailed enough to persuade me that what was going on on the telephone was anything more than a customer simply being informed that they would be given a sub-domain and e-mail address containing the words myspace. I am far from satisfied that the service was being positively sold and promoted as a myspace service. Mr Turner submitted that this did not necessarily matter because even if MYSPACE or MYSPACE.CO.UK had not been used on its own the law of passing-off can be relied upon in relation to the “branding of a particular product or service line”. He referred to *Reckitt & Colman Products Ltd v Borden Inc* (the Jiff Lemon case) for support. He also argued that judicial notice should be taken of the fact that when Internet service providers and similar entities use particular domain names they [the domain names], effectively, brand the service.

25) I accept the first proposition (to a degree) but not the second. In relation to the first, I agree that it is quite possible for a domain name provided by a service provider, even if it is not expressly promoted or advertised under that name, to be something which is associated with a business’s goodwill. A goodwill will often be associated with a number of signs which contribute to the fabric of that business’s goodwill. Nevertheless, it is a fact based question, tied to the evidence presented, as to whether the particular sign is distinctive of the claimant. The degree to which the sign is “promoted” is a factor which can help or hinder the finding, as is the degree to which the sign is inherently distinctive; Ms Carboni argued that the words MYSPACE are not particularly distinctive words in the context in which they are used. In terms of the second argument, I cannot take judicial notice of the fact that domain names used by Internet service providers and the like, generally speaking, brand the service - as with the first argument, it all depends on the context of use and the nature of the sign.

26) In terms of the branding argument, I find myself falling between the two parties’ positions. Whilst I accept that some of the customers who have taken the services of Total may see myspace or myspace.co.uk as a sign distinctive of Total, there will be others who do not. Those others will simply see the word(s) as an indication that the sub-domain provides their (my) space on the Internet for their website and their (my) email address. In his written evidence Mr Fallon called the domains (myspace & bigspace) descriptive and easily memorable. Although he corrected this under cross-examination by saying that what he meant was that it was only partially descriptive – the view I take of it remains. In the words of Lord Oliver, those who fall in Ms Carboni’s camp will not see the sign as:

“a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services.”

27) It is impossible, though, to estimate how many of Total's customers fall into either camp. Either way, a good many of those customers would fall in Ms Carboni's camp and they are certainly not an insignificant number. The impact of this must then be tied to the evidence relating to custom. I do not consider that the custom was hugely significant as of 2000. Whilst more than trivial, it must be regarded as small to moderate. This is then lessened by those who would not see the sign as distinctive of Total. So even as of 2000 the position would have been, at the least, questionable. I therefore agree with Ms Carboni that any goodwill as of 2000 was, at the most, small. When the decline in trade from 2000 onwards is considered, together with the fact that the service was not marketed from 2004 onwards, together with the fact that no trade at all was undertaken from 2005 onwards, I consider that any goodwill Total may have had would have been extinguished to a large and significant extent. I am left with the view that any goodwill Total did have as of the material date was either non-existent or merely trivial. I cannot say that any one factor has dealt the fatal blow – it is a combined effect of all the factors. **As such, my finding is that Total, at the material date, had no protectable goodwill.**

28) I should stress that I have not ignored the 18 ongoing email users that apparently survived the cessation of the business. However, Mr Turner did not make much of this at the hearing. In any event, it is not clear who the customers are, whether they are paying for the email (they were given away for free with the web space), and the degree to which they are used. The email accounts may simply be sitting on a server but not in any real use. I also noted from the cross-examination of Mr Fallon that in respect of the businesses that took web space and were given an email address, many chose to use their own email addresses rather than the myspace ones. Either way, a business with just 18 email customers will struggle to show that this equates to anything more than a trivial goodwill.

29) The final point that I should deal with is the claim that Total had (at the material date) a goodwill not just with its customers, but also with the general public given that the websites hosted on the sub-domains will have been accessed by members of the public. This does not put Total in any better position. Some examples of the websites hosted on the sub-domains were provided in the DRS evidence, but none highlight myspace as the hosting provider. Mr Fallon confirmed during cross-examination that it was up to the customer what they put on their own websites. No evidence of any customer highlighting myspace or myspace.co.uk on their own websites has been provided. Therefore, in effect, all the viewer will see is the domain name itself in the URL box or in text if a link on the website is hovered above. The degree to which the domain name (which in the context used is merely part of an address on the Internet) is noticed must be highly questionable. The viewer is more likely to notice the name relevant to the website owner. The descriptive qualities of the words myspace also play a part in this. Furthermore, there is no evidence as to the degree of public use of the websites. This is all compounded by the relatively

small size of the business to begin with, the decline from 2000 onwards and the no trade at all for the 3 years before the material date. There is no residual goodwill.

30) As I have found no protectable goodwill then the opposition under section 5(4)(a) fails on this point alone as without a goodwill there can be no misrepresentation or damage. The opposition fails in relation to the services the subject of the opposition. This does not relate, of course, to the goods (in class 25) which were not opposed.

Costs

31) MS having been successful is entitled to a contribution towards its costs. Ms Carboni sought costs above the scale to represent what she described as a more realistic contribution towards costs in view of the cross-examination of Mr Fallon and, also, what she described as an overstating of the opposition. Whilst the registrar has a wide discretion on costs, I see no reason to depart from the published scale in this particular case. The scale provides for cross-examination (as part of the costs associated with the hearing) and I do not consider the extent of the opposition (which was not actually directed at all of the specification applied for) as unusual and there is nothing to suggest that additional costs have been incurred. I hereby order Total Web Solutions Limited to pay Myspace Inc. the sum of £1700. This sum is calculated as follows:

Preparing a statement and considering the other side's statement
£400

Considering Total's evidence⁶
£300

Attending the hearing
£1000

32) The above sum should 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 3 day of August 2010

**Oliver Morris
For the Registrar
The Comptroller-General**

⁶ Although the scale indicates a lower limit of £500, this is for considering and filing evidence – MS filed no evidence itself hence the lower amount.