

DISPUTE RESOLUTION SERVICE

DRS 8387

Decision of Independent Expert

Corporate Innovations

and

White Eagle (Europe) Plc

1. The Parties:

Complainant: Corporate Innovations
Address: The Hub, Twyford Mill
Oxford Road
Adderbury
Postcode: OX17 3SX
Country: United Kingdom

Respondent: White Eagle (Europe) Plc
Address: Endeavour House,
Mercury Park,
Wycombe Lane,
Wooburn Green
Buckinghamshire
Postcode: HP10 0HH
Country: United Kingdom

2. The Domain Name(s):

freedom-card.co.uk

3. Procedural History:

12 March 2010	Dispute received
12 March 2010	Notification of complaint sent to parties
07 April 2010	Response received
07 April 2010	Notification of response sent to parties
13 April 2010	Reply received
15 April 2010	Mediator appointed
20 April 2010	Mediation started
18 May 2010	Mediation failed
21 May 2010	Expert decision payment received
3 June 2010	Chris Tulley appointed as Expert

4. Factual Background

This DRS Complaint is the start of an ongoing trade mark battle between the parties in respect of the use of FREEDOM as a brand in relation to pre-paid debit cards. According to the parties submissions and exhibits, the chronology of the parties respective claimed rights and use of the brand is set out below. The chronology is important, as I explain later.

3 March 2008	Complainant arranges for a trade mark clearance search to be undertaken in respect of FREEDOMCARD and FREEDOMCARD247 for use in relation to a pre-paid Visa card
15 August 2008	Respondent applies to register FREEDOM FX as a UK trade mark in respect of " <i>Foreign exchange prepaid debit card services</i> " in class 36. The trade mark is subsequently registered on 6 February 2009, with back dated effect to its application date.
10 September 2008	Respondent emails a presentation to Newcastle Building Society as part of its preparations to launch a pre-paid MasterCard cash debit card under the name FREEDOM EAGLE CASH CARD. The FREEDOM part of the name is by far the dominant element of the proposed brand as used in the presentation and in the final design of the proposed card as at 30 September 2008 (see example below).
25 September 2008	Complainant applies to register FREEDOMCARD and FREEDOMCARD247 as UK trade marks in respect of " <i>Credit card, banking card, debit card and other financial card services</i> " in class 36. The trade marks are subsequently registered on 13 February 2009, with back dated effect to their application date.
29 September 2008	Respondent registers the Domain Name (freedom-card.co.uk)
February 2009	Respondent commences use of the Domain Name by having it resolve to a website at www.freedom-card.co.uk as part of the launch of its FREEDOM EAGLE CASH CARD (shown below). The monthly website visitor numbers from February to June 2009 were 2,286; 2,992; 4,551; 6,402; and 8,630.



The Respondent's FREEDOM EAGLE CASH CARD

July 2009	Respondent commences television and radio advertising of its pre-paid MasterCard which refers to it as both the FREEDOM CARD and the FREEDOM EAGLE CASH CARD.
July - August 2009	The monthly website visitor numbers to the Respondent's website increase dramatically to 26,934 in July 2009 and 36,716 in August 2009 (and remain above 30,000 per month at least to February 2010). By August 2009, the Respondent has sold over 40,000 of its "Freedom" cards via 3,500 UK retailers.
August 2009	Complainant's agent purchases the domain name freedomcard.co.uk which had originally been registered by a Mr Askew on 23 October 2004. The Respondent had wanted to buy this domain name in 2008 but had been unable to contact Mr Askew.
20 August 2009	The Complainant and Respondent meet following an approach from the Complainant to inform the Respondent of its intention to launch a pre-paid "incentive" debit card under the name FREEDOMCARD. At the meeting (and in a follow up email dated 24 August 2009) the Respondent confirms its concern over likely confusion with the Respondent's existing FREEDOM branded card, points out that it also has 15 other domain names incorporating the word "freedom", and offers to buy the Complainant's registered trade marks for a fair price. Subsequent negotiations end in September 2009.
Late 2009	Complainant launches its FREEDOMCARD MasterCard "incentives" card (as shown below) and commences use of its freedomcard.co.uk domain name by having it resolve to a website which advertises the card.



The Complainant's FREEDOMCARD

December 2009 to February 2010	Complainant receives several emails from consumers with queries over their card accounts and who turn out not to have been the Complainant's customers but confused customers of the Respondent.
12 March 2010	Complainant lodges its Complaint with Nominet
1 April 2010	Respondent files invalidity proceedings at the UK Trade Marks Registry to declare the Complainant's FREEDOMCARD and FREEDOMCARD247 trade mark registrations invalid on the ground of being confusingly similar to its earlier trade mark registration of FREEDOM FX registered for the same or similar goods.

5. Parties' Contentions

There have been fairly extensive submissions and supporting documentation filed by the parties.

Complainant:

In its Complaint, the Complainant says in summary that:

1. The Complainant is the Registered Proprietor of United Kingdom Trade Mark Registration No. 2,498,584 FREEDOMCARD247 and United Kingdom Trade Mark Registration No. 2,498,585 FREEDOMCARD registered in respect to "*credit card, banking card, debit card and other financial card services*". The Complainant's registered trade marks were filed on 25th September 2008 and granted registration on 13th February 2009. The Complainant is also the applicant of UK Trade mark Application No. 2,537,978 FREEDOMCARD247.CO.UK and UK Trade Mark Application No. 2,537,979 FREEDOMCARD.CO.UK also filed in respect to "*credit card, banking card, debit card and other financial card services*". These applications were filed on 3 February 2010.

2. The Domain Name was registered on 29th September 2008 and is being used by the Respondent for a website offering credit card, banking card and other financial card services.

3. The Complainant also offers its services online at www.freedomcard.co.uk. That domain name was registered on 23rd October 2004.

4. Visitors to the Respondent's website are presented with a banner referring to "Freedom Eagle Cash Card" whereby the term "Freedom" due to its size is the prominent feature. The Complainant contends that the Respondent has purposely adopted the URL www.freedom-card.co.uk to lure custom to their website on the back of the Complainant's goodwill and reputation and registered trade marks. Further evidence of the Respondent's intention to cause confusion can be seen from their website which states "Build or improve your credit rating using your Freedom Card free of charge" and "How to load money onto your Freedom Card".

5. The Domain Name in the hands of the Respondent is an Abusive Registration because it will unfairly prejudice the business interests of the Complainant and the Domain Name has been used in a manner which is unfairly detrimental to the Complainant's Trade Marks. Visitors trying to find the Complainant's website will either assume that their website address is www.freedom-card.co.uk or conduct a search on a search engine for FREEDOMCARD/FREEDOM CARD and inadvertently arrive at the Respondent's website and assume that they have arrived at the correct site. Furthermore, with references to "Freedom Card" on the Respondent's website this will further compound the likelihood of confusion and association with the Complainant.

6. There is no business relationship between the Complainant and the Respondent and the registration of the Complainant's trade mark as a domain name by the Respondent is without its authority. Furthermore, the use of the Domain Name by the Respondent is likely to deceive the public into believing that the Domain Name is controlled by and/or has some connection with the Complainant.

The Respondent:

In its Response, the Respondent says as follows:

1. The Respondent is the registered proprietor of UK Trade Mark Registration No. 2495349 FREEDOM FX registered for “*Foreign exchange prepaid debit card services*” filed on 15 August 2008. The Respondent’s Registered Mark is an earlier trade mark to which each of the Complainant’s Trade Marks, UK Trade Mark Nos. 2498584 FREEDOMCARD247 and 2498585 FREEDOMCARD, is confusingly similar and relates to identical and/or similar services to each of those marks.

2. The Respondent has accordingly filed applications with the UK Trade Marks Registry to have each of the Complainant’s Trade Marks declared invalid. If found in the Respondent’s favour this would result in the registrations of the Complainant’s Trade Marks being deemed never to have been made. (Ref. Section 47(6) of the Trade Marks Act 1994).

3. The Complainant does not have any legitimate registered rights in the Complainant’s Trade Marks, since these are invalidly registered, or in the alternative that the present Complaint should be suspended, at least to the extent that the Complainant relies on the Complainant’s Trade Marks, pending the official decisions in the invalidity applications.

4. The Complainant's recent trade mark applications filed on 3 February 2010 do not confer on the Complainant any exclusive rights relating to use of the marks unless and until their registration is published. The Respondent has already informed the Complainant of their intention to oppose both trade mark applications on the grounds of their confusing similarity to the Respondent’s registered mark. Furthermore, both of the Complainant’s pending Trade Mark Applications were filed by the Complainant substantially after the registration and extensive use by the Respondent of the Domain Name and so are not relevant to this Complaint.

5. The Complainant is not the registered owner of the domain www.freedomcard.co.uk. The registered owner is Steve Paxton, a UK individual. Until 23 February 2010 Mr Paxton’s address details were withheld because it was claimed that he was a non-trading individual. Mr Paxton registered his ownership of the domain name on 4 September 2009. Prior to this date it appears that the domain name was owned by another non-trading individual, W. Askew. The Respondent was frustrated in their attempt to purchase the domain www.freedomcard.co.uk in 2008 because the domain was not in use and the contact details of the owner, W. Askew were withheld.

6. In August 2008 the Respondent commenced preparations to launch a pre-paid cash card service under the marks FREEDOM Eagle Cash Card and FREEDOM CARD. By no later than 10 September 2008, and before the Complainant applied to register the Complainant’s Trade Marks, the Respondent commenced promotion of this service under those marks. As evidence of this Exhibit 4 contains copies of the following:

a. An email dated 10 September 2008 from the Respondent to Newcastle Building Society referring to the Respondent’s “new Freedom Instant Issue prepaid Mastercard Card”

b. Pages from a presentation by the Respondent dated 10 September 2008 and promoting the Respondent’s plans for a Freedom Card.

c. An email dated 30 September 2008 attaching the final design for the FREEDOM Eagle Cash Card.

7. The Respondent purchased the Domain Name and registered the change of ownership on 29 September 2008, almost a year before Mr Paxton acquired www.freedomcard.co.uk. The Trade Marks Registry received the applications for registration of the Complainant’s Trade Marks on the same day, 29 September 2008.

8. In all of the above circumstances the Respondent had already commenced use of the marks FREEDOM CARD and FREEDOM Eagle Cash Card and had started to establish a goodwill and reputation under them – and thus rights in them under the law of passing off - prior to the date of filing of the Complainant's Trade Marks and prior to any use of the domain www.freedomcard.co.uk by the Complainant. Furthermore the Respondent was not and could not have been aware of the Complainant's trade marks, or of any intended use by the Complainant of freedomcard.co.uk, when the Respondent registered the Domain Name.

9. In February 2009 the Respondent commenced use of the Domain Name in connection with a website promoting its pre-paid cash card services under the marks FREEDOM CARD and FREEDOM Eagle Cash Card and as part of an extensive marketing campaign promoting those services under those marks. The content of the website has been consistently the same as or similar to the Snapshot shown at Annex 2 of the Complainant's Grounds of Complaint. Examples of the Respondent's marketing activity and of its results are attached at Exhibit 7 as follows:

a. A page of charts showing the level of traffic via Google to the Respondent's website at www.freedom-card.co.uk between February 2009 and February 2010.

b. A copy of an independent review of the Respondent's FREEDOM CARD dated 19 March 2009 and published on the website at www.whichwaytopay.com next to an advertisement for the Respondent's FREEDOM Eagle Cash Card.

10. In July 2009 the Respondent commenced a programme of television and radio advertising promoting its services under the marks FREEDOM CARD and FREEDOM Eagle Cash Card. This advertisement was broadcast in July 2009 and thereafter throughout the second half of 2009 on ITV2, ITV3, ITV4, Men and Motors, Prime TV, DMax, Discovery Channel, Extreme Sports, Sky Sports News, ESPN Classic, Flaunt and Zone Horror. A similar radio advert promoting the Respondent's services under the marks at issue was broadcast in the same period on Kerrang Radio, Real Radio, Total Radio, Sunrise Radio and Spar Radio.

11. By August 2009 the Respondent had, as a result of the aforesaid activities, established an extensive reputation and goodwill under the marks FREEDOM CARD and FREEDOM Eagle Cash Card and had furthermore already sold over 40,000 cards into about 3,500 UK retailers. At this time Mr David Watt of the Complainant approached Warren Hardy, CEO of the Respondent, indicating that the Complainant intended to launch a similar card, which they wanted to call FREEDOMCARD. This was the first time that the Respondent had any knowledge of the Complainant or of its interest in the marks FREEDOMCARD and FREEDOMCARD247 or in the domain name freedomcard.co.uk.

12. Mr Watt and Mr Hardy met at the Respondent's offices on 20 August 2009 to discuss ways to avoid confusion between the activities of the parties in the event that the Complainant was to proceed with their plans to launch a card under an identical mark to that under which the Respondent had already established a goodwill and reputation. Attached at Exhibit 8 is a copy of an email sent by Mr Hardy to Mr Watt following that meeting in which Mr Hardy makes it clear that it was jointly understood by the parties that the Complainant was yet to commence use of the mark FREEDOMCARD and of the domain name freedomcard.co.uk.

13. Correspondence between the parties ceased in September 2009 and although the Complainant has now commenced use of the domain name freedomcard.co.uk and of the mark FREEDOMCARD the Respondent knows of no use of either the domain or the trade mark by the Complainant prior to February 2010. In all of these circumstances the Respondent's goodwill and reputation under the marks FREEDOM CARD and FREEDOM Eagle Cash Card is senior to and far more extensive than any use of the mark

FREEDOMCARD by the Complainant. Furthermore, any use made by the Complainant of the domain name freedomcard.co.uk and of the mark FREEDOMCARD was commenced in the full knowledge that this was likely to cause confusion with the Respondent's existing business.

14. In the light of the above the Domain Name is not an Abusive Registration because:

a. In the light of the Respondent's earlier rights, none of the registered trade mark rights claimed by the Complainant is valid.

b. Any right that the Complainant may have to the use of freedomcard.co.uk was acquired many months after the registration and use of the Domain Name by the Respondent and in the full knowledge of the extensive goodwill and reputation already enjoyed at that time by the Respondent under the marks FREEDOM CARD and FREEDOM Eagle Cash Card.

c. In the light of the Respondent's senior goodwill under FREEDOM CARD and FREEDOM Eagle Cash Card, the Complainant does not have any valid goodwill or reputation under the mark FREEDOMCARD.

d. At the time of registering the Domain Name the Respondent did not and could not have had any knowledge of the Complainant's Trade Marks or of the Complainant's intention to adopt the marks FREEDOMCARD or FREEDOMCARD247.

e. At the time of registering the Domain Name the Respondent had both used the identical mark FREEDOM CARD and/or a similar mark and made demonstrable preparations to use the Domain Name in connection with a genuine offering of services.

The Complainant's Reply

In its Reply, the Complainant says as follows:

1. The fact that the Respondent is the Registered Proprietor of UK Trade Mark Registration No. 2,495,349 FREEDOM FX does not have any bearing on these proceedings whatsoever. The Respondent has not given any justifiable reasons why, when they are the Registered Proprietor of the mark "Freedom FX" that was filed on 15th August 2008 and granted registration on 6th February 2009, would they then go ahead and register the Domain Name freedom-card.co.uk on 29th September 2008. The Respondent has not provided any evidence to show any prior use of the term FREEDOM CARD in the normal course of trade which may indicate that the Respondent had established a goodwill in relation to the term FREEDOM CARD that was established prior to the effective date of the Complainant's registered trade marks and which may support the Respondent's reasons for registering the disputed Domain Name.
2. The Respondent has filed Invalidity Proceedings against the Complainant's registered trade marks but these proceedings are unlikely to succeed. Simply, for a composite mark to be considered by one of its elements the remaining elements must be 'negligible' as stated in *Case C-334/05 P OHIM v Shaker [2007] ECR I -4529*. The term FX in the Respondent's mark "Freedom FX" is not considered negligible as it does not possess any descriptive characteristics relating to the services in question that would otherwise go unnoticed and be disregarded by the relevant consumer of the services in question. The term "Freedom FX" is likely to be considered as a whole by the average consumer and there will be no likelihood of confusion with the Complainant's registered marks.

3. It is the Expert's decision whether to suspend these proceedings until the Invalidation Proceedings against the Complainants registered marks have been concluded but the Expert should be aware that the invalidity proceedings are unlikely to succeed.
4. Even though the Respondent has filed invalidity proceedings against the Complainant's registered marks they are *prima facie* evidence that the marks are valid in accordance with Section 72 of the Trade Marks Act 1994.
5. The Complainant is the owner of the domain name freedomcard.co.uk, which was purchased by Steve Paxton on behalf of the Complainant but has been registered in the name of Steve Paxton in error. Steve Paxton had previously thought that the domain name had been transferred to the Complainant but having re-visited the Nominet Account he has subsequently realised that he had completed the wrong form and subsequently the change of ownership to the Complainant had not been recorded. Exhibit 1 includes a statement from Steve Paxton to confirm that it was the Complainant's intention to register the domain name freedomcard.co.uk in the name of Complainant and that, as a trading name cannot legally own a domain name, it has now been transferred to The Corporate Innovations Company Limited that trades as Corporate Innovations. The transfer of freedomcard.co.uk to The Corporate Innovations Company Limited rather than the actual name of the Complainant still passes the "Rights" test as Corporate Innovations (the trading name of The Corporate Innovations Company Limited) has a valid interest in the Complaint.
6. The Respondent contends that it has prior rights to the term FREEDOMCARD and FREEDOM Eagle Cash Card that existed prior to the filing date of the Complainant's registered trade marks. In its submissions the Respondent refers to Exhibit 4 which contains a number of exhibits relating to the intentions and preparations of the Respondent to begin using the terms FREEDOM Eagle Cash Card and FREEDOMCARD. The most relevant of these exhibits are the pages from a presentation by Mr Ondreasz of the Respondent dated 10th September 2008 that the Respondent claims was promoting their plans for a Freedom Card. References to "New Freedom Instant Issue prepaid Mastercard Card" and the final design of a FREEDOM Eagle Cash Card dated 30th September 2008 have no bearing in this case as they do not relate to the term FREEDOMCARD or any other term that could be considered similar to FREEDOMCARD.

If the Respondent claims a prior right to be used as a defence to these proceedings then the onus is placed firmly on the Respondent to show the extent of their prior rights and whether any prior rights can be used to show that the disputed Domain Name is not an Abusive Registration. Furthermore, for the Respondent to succeed in defending a claim of trade mark infringement by the Complainant the Respondent must, at least be able to show that the Respondent had used the term FREEDOMCARD in the course of trade before the effective date of the Complainant's registered trade mark or the first use of the trade mark by the Complainant, we refer to Section 11(3) of the Trade Marks Act 1994.

An Earlier Right applies in a locality if, or to the extent that, its use in that locality is protected by virtue of any rule of law (in particular, the law of passing off). Subsequently, the Respondent must be able to prove that goodwill existed prior to the effective date of the Complainant's registered trade mark or before the Complainant's first use.

The provision of one Exhibit by the Respondent consisting of pages from a presentation conducted on 10th September 2008 does not establish goodwill that could be used to defend a claim of trade mark infringement by the Complainant. What constitutes "Goodwill"? As stated in *Reuter v Mulhens (1953) 70 RPC 235 at 254* "goodwill

represents the value of the attraction to customers which the name and reputation possesses” and as stated in *IRC v Muller’s Margarine [1901] A.C.217 at 223* goodwill is “the attractive force that brings in custom”.

The only thing that the Exhibits indicate is that the Respondent made a presentation that included reference to the term FREEDOM CARD on 10th September 2008 but this does not prove that the Respondent had established any goodwill at that time. In any case, if the Respondent considers that evidence of an intention to use the term FREEDOM CARD prior to the effective date of a registered trade mark is a valid defence to the registration of the disputed Domain Name, which in this case it cannot, the Respondent should be aware that Complainant began their preparations to use the term FREEDOMCARD and FREEDOMCARD247 on 3rd March 2008. Exhibit 2 contains an email from Jo Bareham of Corporate Innovations dated 3rd March 2008 requesting due diligence searches for the terms FREEDOMCARD and FREEDOMCARD247 in relation to a pre-paid VISA card, business to business incentive reward schemes, employee reward schemes and business to consumer rewards.

7. The Respondent claims that it was entitled to register the disputed Domain Name on 29th September 2008 because the Complainant's domain name freedomcard.co.uk was already registered and not available. The fact that the term FREEDOMCARD already existed within the Complainant's domain name freedomcard.co.uk should have put the Respondent on alert that another party had an interest in the term FREEDOMCARD and it may therefore not be free for them to use as they thought.

All domain names are registered on a first-come-first-served basis (unless it can be shown that the domain name is an Abusive Registration), the transfer of a domain name from one owner to another does not reset the original registration date of the domain name to the date the domain name was transferred to a new owner. The Complainant's domain name freedomcard.co.uk was registered on 23rd October 2004 not September 2009.

8. The Respondent claims that it had already established a goodwill and reputation in association with the terms FREEDOM CARD and FREEDOM Eagle Cash Card. The Respondent has not filed any substantive evidence to support this claim, furthermore any goodwill and reputation established by the Respondent in respect to FREEDOM Eagle Cash Card is completely irrelevant to whether any goodwill and reputation has been established in respect to the term FREEDOM CARD. In fact, the Respondent has not provided any evidence that could possibly show that a goodwill and reputation was established prior to the effective date of the Complainant's registered trade marks, that is before 25th September 2008.

The Respondent goes on to suggest that it has valid earlier user rights in respect to the terms FREEDOM CARD and FREEDOM Eagle Cash Card which could be protected by the tort of passing-off which could subsequently be used as a defence to this complaint. The Complainant again contends that the Respondent has not filed any substantive evidence to prove that it had established a goodwill and reputation in relation to the term FREEDOM CARD prior to 25th September 2008 to bring an action for passing-off against the Complainant at that time because the Respondent would not have been able to meet the “classical trinity” test set out in *Reckitt & Colman Products Ltd v. Borden Inc. [1990] 1 WLR 491 (the “Jif Lemon case”)* which are: -

1. The goods or services have acquired goodwill or reputation in the marketplace that distinguishes such goods or services from competitors;

2. The defendant misrepresents his goods or services, either intentionally or unintentionally, so that the public may have the impression that the offered goods or services are those of the claimant; and
3. The claimant may suffer damages because of the misrepresentation.

The onus is firmly on the Respondent to conduct due diligence searches to ensure the term FREEDOM CARD was free to be used at that time. It is also common practice for update clearance searches to be conducted after any initial due diligence searches have been conducted to ensure that the intended user is aware of any existing rights that may not have been revealed in the original searches due to, for example, delays capturing a trade mark application or a claim by a trade mark applicant of Convention Priority that can be filed in the UK up to 6 months after the mark was filed in another Convention Country (the priority date could then be up to 6 months earlier than the granted filing date).

Subsequently, the disputed Domain Name is inherently unfair because it takes unfair advantage of the Complainant's registered trade mark rights. Furthermore, it should be noted that the DRS will consider whether a domain name is considered an "Abusive Registration" either at the time the domain name in dispute was registered or any later time. Therefore, even though the onus is on the Respondent to ensure the disputed Domain Name is free to be used between the date it is registered and the date that it is actually put to use, the disputed Domain Name now takes unfair advantage of the Complainant's registered trade marks. The Abuse can take place at any time during the life of the disputed domain name, it is not necessary that the Abuse takes place at the date the disputed Domain Name is registered. Exhibit 3 contains emails from a number of clients that have confused the Respondent's FREEDOM CARD with the Complainant's FREEDOM CARD.

9. The Respondent now admits that the disputed domain name was first registered in February 2009 in respect to promoting its pre-paid cash card services under the marks FREEDOM CARD and FREEDOM Eagle Cash Card. This is the date that the Respondent first began using the disputed Domain Name to promote its services in respect to the term FREEDOM CARD in the normal course of trade which is "the attractive force that brings in custom" [goodwill]. It was February 2009 that the Respondent began establishing a goodwill or reputation in the term FREEDOM CARD, this does not predate the effective date of the Complainant's registered trade marks or the Complainant's even earlier intentions to begin using the term FREEDOM CARD.

The evidence of use relating to the Respondent's Adword Accounts with Google relating to traffic that the Respondent attracted to www.freedom-card.co.uk between February 2009 and 2010 and the independent review of the Respondent's website dated 19th March 2009 not does not support any prior user claims.

10. & 11 The activities of the Respondent as outlined in Paragraphs 10 & 11 of the Respondent's response only compounds the abuse made by the Respondent. Although the Respondent has not provided any information relating to the content of the adverts the adverts have acted as an instrument of abuse by promoting the term, in particular, FREEDOM CARD (the keyword of the challenged Domain Name) which has led consumers to wrongly assume a commercial connection with the Complainant's registered trade marks and its services provided through the website www.freedomcard.co.uk.
11. The Respondent claims that it has established an extensive reputation and goodwill under the marks FREEDOM CARD and FREEDOM Eagle Cash Card by reason of its activities from February 2009 to August 2009 that has resulted in the sale of over 40,000 cards

(although there is no evidence relating to these sales). Any reputation and goodwill established after the effective date of the Complainant's registered trade marks and after the registration of the Complainant's domain name freedomcard.co.uk [is not relevant]. The Respondent is not entitled to use the term FREEDOM CARD as it infringes upon the Complainant's registered trade marks especially considering the reputation and goodwill that the Respondent may have established would have been established after the effective date of the Complainant's marks.

12. As stated in 6 of this reply, the Complainant began preparations to use the term FREEDOMCARD in March 2008 and it then applied to register the mark FREEDOMCARD on 25th September 2008. Subsequently, it can be clearly be shown that the Complainant had an intention to use the term FREEDOMCARD from March 2008.

6. Discussions and Findings

In their respective submissions, both parties agree that their respective uses of brands incorporating "Freedom" are confusingly similar to each other and are being used in relation to the same or similar goods and services. But the parties are completely at odds over which of them has the prior and superior rights.

As an initial comment, I would agree with the Complainant that the Respondent's email of a presentation document to Newcastle Building Society on 10 September 2008 as part of its preparations to launch a pre-paid MasterCard cash debit card under the name FREEDOM EAGLE CASH CARD does not go any where near enough to establish earlier passing off rights. Based on the evidence submitted, any passing off rights established by the Respondent were no earlier than February 2009 when it actually started offering its FREEDOM EAGLE CASH CARD via its website at www.freedom-card.co.uk. Likewise, the fact that the Complainant carried out a clearance search in March 2008 in respect of FREEDOMCARD and FREEDOMCARD247 for use in relation to a pre-paid card does not give it any passing off rights. The Complainant's first use for the purposes of acquiring passing off rights did not commence until late 2009.

One of the submissions made by the Respondent is that the Complainant's Complaint to Nominet should be suspended pending the outcome of its invalidity proceedings at the UK Intellectual Property Office in relation to the Complainant's trade mark registrations.

In my view, I am not obliged to suspend the Complaint notwithstanding Paragraph 20 of the DRS Procedure, which states as follows:

20. Effect of Court Proceedings

a. If legal proceedings relating to a Domain Name are issued in a court of competent jurisdiction before or during the course of proceedings under the DRS and are brought to our attention, we will suspend the proceedings, pending the outcome of the legal proceedings.

It was confirmed in Evans -v- Focal Point Fires (2009 EWHC 2784) that the UK Intellectual Property Office is "a court of competent jurisdiction" when dealing with invalidity proceedings. However, the invalidity proceedings do not relate to the Domain Name as such. Rather, they relate to the validity of the registered trade marks. Therefore Paragraph 20 of the DRS Procedure does not apply.

However, I believe I do have a discretion to suspend the making of my Decision in relation to the Complaint under paragraph 16 b) of the DRS Procedure if there are exceptional

circumstances. In general terms, I would be very reluctant to conclude that a Respondent could always "trump" a DRS complaint by issuing trade mark invalidity proceedings, and thus suspend the effect of a DRS complaint for quite some time. But in this particular case, the outcome of the invalidity proceedings could be crucial depending upon whether or not they are successful.

That is because, based on the chronology outlined above, the Respondent has the first actual use of the FREEDOM CARD brand and the Complainant's entire case seems to rest upon the validity of its FREEDOMCARD and FREEDOMCARD247 trade mark registrations.

The fact of the registration of the Complainant's trade marks is prima facie evidence of their validity under section 72 of the Trade Marks Act, but that is expressly subject to section 47(6) by which if the registrations are declared invalid, they are deemed never to have been made.

If the Complainant's trade mark registrations are not valid that would seem inevitably to dispose of this Complaint in favour of the Respondent. That is because the Complainant's only other claim to any possible Rights for the purpose of the DRS Policy (i.e. *"rights enforceable by the Complainant, whether under English law or otherwise, and may include rights in descriptive terms which have acquired a secondary meaning"*) would have to rely upon its subsequent acquisition and use of the freedomcard.co.uk domain name alongside the launch of its FREEDOMCARD MasterCard "incentives" card. But all that comes at least a year after the Respondent's registration of its FREEDOM FX trade mark and many months after the Respondent's launch and subsequent television and radio advertising of its "FREEDOM CARD" and "FREEDOM EAGLE CASH CARD". If the Complainant's trade mark registrations are not valid, the Respondent would have a seemingly unassailable case that such use by the Complainant infringes either or both of the Respondent's trade mark registration and/or passing off rights and could not be prayed in aid of a challenge by the Complainant to the Respondent's prior registration and use of the Domain Name.

But if the Respondent's invalidity proceedings fail, does that also necessarily dispose of this Complaint but in favour of the Complainant? If it did, I would be minded to accede to the Respondent's submission that I should delay my Decision on the Complaint until the outcome of the invalidity proceedings is known.

If the Complainant's FREEDOMCARD and FREEDOMCARD247 trade mark registrations are valid, that may well provide it with a strong trade mark infringement claim against the Respondent. In particular, if valid, the Complainant's subsequent use of its FREEDOMCARD registered trade mark could not be said to infringe the Respondent's earlier FREEDOM FX registered trade mark as use of one registered trade mark in relation to the goods for which it is registered cannot infringe any other registered trade mark by virtue of section 11(1) of the Trade Marks Act.

It is possible that the Respondent might try to defend such an infringement claim by arguing that its use of "FREEDOM CARD" and "FREEDOM EAGLE CASH CARD" counts as use of its FREEDOM FX registered mark in relation to the goods for which it is registered for the purposes of section 11(1), but that seems more of a stretch for the Respondent. In addition, it would be difficult for the Respondent to claim in equity to have acquired common law passing off rights which are independent of its registered rights and which could be enforced against the Complainant if all the use it relies on is use that infringed the Complainant's prior registered trade mark rights.

However, trade mark infringement law and the DRS Policy are not one and the same thing. It may be a narrow window, but is possible that use of a domain name that infringes the Complainant's trade mark rights is still not an Abusive Registration in the hands of the Respondent.

If valid, the Complainant's registered trade marks are clearly Rights for the purpose of the DRS Policy. But in order to succeed in its Complaint, the Complainant must also prove, on the balance of probabilities, that the Domain Name is, in the hands of the Respondent, an Abusive Registration i.e. a domain name which either:

- i. was registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair advantage of or was unfairly detrimental to the Complainant's Rights; or
- ii. has been used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights.

The Complainant applied for its registered trade marks on 25 September 2008. Just four days later, the Respondent registered the Domain Name. At that time, the Complainant's trade marks were very new pending applications and they were not granted until 13 February 2009. However, even assuming that the mere filing of the application gives the Complainant something which passes the DRS threshold of "Rights" (for example, by giving it rights of priority in relation to a subsequent conflicting trade mark application), it seems highly unlikely that the Respondent would have known about the applications filed just four days earlier. There is certainly nothing in the evidence to suggest any such knowledge. On the contrary, the Respondent has demonstrated that the registration of the Domain Name followed on from its earlier preparations to launch a pre-paid MasterCard cash debit card under the name FREEDOM CARD/FREEDOM EAGLE CASH CARD, as evidenced by its email presentation to Newcastle Building Society sent on 10 September 2008. The Respondent had also applied to register its FREEDOM FX trade mark on 15 August 2008, more than a month before the Complainant applied to register its trade marks.

On the evidence submitted by the parties, I find on the balance of probabilities that when registering the Domain Name on 29 September 2008, the Respondent was not aware of the Complainant's existence or plans in general, and in particular was not aware of the Complainant's applications to register their trade marks made four days earlier. In the circumstances, the Complainant has failed to prove the first alternative limb set out above to show that the Domain Name is an Abusive Registration.

Therefore, even if its trade mark registrations are valid, in order to succeed the Complainant must be able to prove the second alternative limb i.e. that the Domain Name has subsequently been used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights.

At the same time as the Respondent began using the Domain Name in February 2009, the Complainant's trade mark applications were granted, giving the Complainant prima facie valid registered trade mark rights in FREEDOMCARD and FREEDOMCARD247. The Respondent's use of the Domain Name as part of the launch of its "FREEDOM" card will surely have been detrimental to those Rights. But was it unfairly detrimental? The express concept of "fairness" in the test of an Abusive Registration is one of the key areas where the DRS Policy is very different to the test of infringement under English trade mark law.

The Complainant says that the Respondent has purposely adopted the Domain Name and used it to resolve to its website to lure custom to their website on the back of the Complainant's goodwill and reputation and registered trade marks. In so doing, the Complainant relies on Paragraph 3 a. ii. of the DRS Policy (being one of the factors which may be evidence that the Domain Name is an Abusive Registration) i.e.

"Circumstances indicating that the Respondent is using the Domain Name in a way which has confused people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with the Complainant."

However, the evidence shows that the Respondent was the first to actually use the FREEDOM brand in relation to a debit card offered to the public and that it was extensively advertised well before the Complainant began any actual use of it. The only evidence of confusion occurred after the Complainant subsequently launched its FREEDOMCARD debit card. That evidence seems all to relate to consumers contacting the Complainant in the mistaken belief that they were contacting the Respondent rather than vice versa.

And even if the Complainant's trade mark registrations are valid with effect from 25 September 2008, the Respondent has demonstrated that it was making preparations to use the Domain Name or one similar to it in connection with the intended launch of its FREEDOM CARD/FREEDOM EAGLE CASH CARD debit card. The evidence shows that those preparations were underway at least as early as 10 September 2008 when the Respondent emailed its presentation to the Newcastle Building Society and when it attempted to find Mr Askew to purchase the freedomcard.co.uk domain name. Having been unable to do so, it opted for the freedom-card.co.uk Domain Name, a few days after the Complainant had filed its trade mark registrations.

Paragraph 4 a i A of the DRS Policy (being factors which may be evidence that the Domain Name is not an Abusive Registration) states as follows:

"Before being aware of the Complainant's cause for complaint (not necessarily the 'complaint' under the DRS), the Respondent has:

A. used or made demonstrable preparations to use the Domain Name or a domain name which is similar to the Domain Name in connection with a genuine offering of goods or services;"

Even if the Complainant's trade mark registrations are valid with effect from 25 September 2008, the Respondent's preparations to use of the Domain Name or one similar to it would seem to fall full square within Paragraph 4 a i A.

In the circumstances, the Complainant has failed to prove, on the balance of probabilities, that the Domain Name is, in the hands of the Respondent, an Abusive Registration.

7. Decision

For the reasons outlined above I find that, even assuming that that the Complainant has valid Rights in respect of the name FREEDOMCARD being a name or mark which is identical or similar to the Domain Name, it has failed to prove, on the balance of probabilities, that the Domain Name, in the hands of the Respondent, is an Abusive Registration.

In the circumstances I order that no action be taken in respect of the Domain Name.

Signed Chris Tulley

Dated 21 June 2010