

DISPUTE RESOLUTION SERVICE

D00014733

Decision of Independent Expert

AFG Media Ltd

and

The Laughing Stock

1. The Parties:

Lead Complainant: AFG Media Ltd
DUNSLAW 8A
HALL CRESCENT
GULLANE
EAST LOTHIAN
EH31 2HA
United Kingdom

Respondent: The Laughing Stock
7 Langdale Court
Witney
Oxfordshire
OX28 6FG
United Kingdom

2. The Domain Name:

morphcostume.co.uk

3. Procedural History:

The Expert confirms that he is independent of each of the parties. To the best of his knowledge and belief, there are no facts or circumstances, past or present, or that could arise in the foreseeable future, that need be disclosed as they might be of a such a nature as to call in to question his independence in the eyes of one or both of the parties.

01 September 2014 16:41 Dispute received
02 September 2014 09:48 Complaint validated
02 September 2014 09:55 Notification of complaint sent to parties
08 September 2014 07:53 Response received
08 September 2014 07:54 Notification of response sent to parties
08 September 2014 13:50 Reply received
09 September 2014 12:45 Notification of reply sent to parties
09 September 2014 12:45 Mediator appointed
12 September 2014 14:43 Mediation started
13 October 2014 15:05 Mediation failed
13 October 2014 15:05 Close of mediation documents sent
16 October 2014 10:19 Expert decision payment received

4. Factual Background

Since 2009 the Complainant, AFG Media Limited, has been in the business of producing and selling an all-in-one lycra costume in a variety of designs, which it branded as Morphsuits. It subsequently diversified into a range of other fancy dress costumes and, following a re-branding exercise, changed its name to Morph Costume Co.

The Respondent, which trades as The Laughing Stock, has since 2002 traded as a fancy dress outlet with an online presence at <thelaughingstock.co.uk>. The Respondent registered the Domain Name on 18 April 2010 and initially it was directed to a parking page. At some point in time, the Domain Name was re-directed to the Respondent's own website.

5. Parties' Contentions

For the purposes of this section, the Expert has summarised the contentions of the parties insofar as they are relevant to the matters that the Expert is required to determine under the DRS Policy. In doing so, the Expert is at this stage making no findings of fact or passing any comment in relation to those contentions. The discussions and findings in relation to the evidence appear in section 6 below.

5.1 Complainant

The Complaint, so far as is material, is summarised below.

Rights

The Complainant claims to have registered rights in the mark MORPHSUITS which pre-date the registration of the Domain Name and registered rights in the logo Morph Costume Co which post-date the registration of the Domain Name.

Rights in the mark MORPHSUITS

The Complainant owns several trade mark registrations for MORPHSUITS, including but not limited to the following:

- United Kingdom Trade Mark Registration No. 2521952 for morphsuits in Class 25, covering 'Clothing, Fancy Dress', filed on 25 July 2009 and registered on 6 November 2009.
- Community Trade Mark Registration No. 008962425 for MORPHSUITS in Class 25, covering 'Articles of clothing, headwear and footwear; fancy dress outfits, fancy dress costumes, articles of fancy dress' filed on 17 March 2010 and registered on 2 September 2010.
- Australian Trade Mark Registration No. 1376228 for MORPHSUITS in Class 25, covering 'Articles of clothing, headwear and footwear; fancy dress outfits, fancy dress costumes, articles of fancy dress' filed on 3 August 2010 and registered on 12 August 2011.
- New Zealand Trade Mark Registration No. 1376228 for MORPHSUITS in Class 25, covering 'Articles of clothing, headwear and footwear; fancy dress outfits, fancy dress costumes, articles of fancy dress', filed on 8 September 2010 and registered on 8 March 2011; and
- United States Trade Mark Registration No. 4143188 for MORPHSUITS in Class 25, covering 'One-piece costumes used for comedic, theatrical, performance, masquerade, and similar dramatic purposes', filed on 24 March 2010 and registered on 15 May 2012.

The Complainant contends that the abovementioned rights are similar (it says confusingly so although that is not the test) to the Domain Name on the grounds that (a) the term 'MORPH', which is the dominant and distinctive element of the Complainant's abovementioned rights, is mirrored in the Domain Name and (b) the term 'COSTUME' is directly interchangeable with the term 'fancy dress outfit', which is explicitly protected by the trade mark registrations.

Rights in the Morph Costume Co logo

The Complainant also owns several trade mark registration for its Morph Costume Co logo, in particular United Kingdom Trade Mark Registration No. UK00003039297 in Class 25, covering 'Articles of clothing, headwear; fancy dress outfits, fancy dress costumes, articles of fancy dress', filed on 24 January 2014 and registered on 9 May 2014.

The Complainant contends that the abovementioned trade mark is virtually identical to the Domain Name. The only elements that set the Right apart from the Domain Name are the hand logo and the term 'Co.', which is an abbreviation for 'Company'. The terms 'MORPH' and 'COSTUME' are the dominant and distinctive elements of the Complainant's logo and are mirrored in the Domain Name.

The Complainant has also provided some information about the scale and nature of its trading activities which could amount to evidence of unregistered rights in both the MORPHSUITS mark and the Morph Costume Co logo.

Abusive Registration

The Complaint is made on the basis that the Domain Name is an Abusive Registration both because it was registered with an abusive intent and because it has been used abusively.

Complaint in relation to abuse at the date of registration

The Complainant first launched its MORPHSUITS trade mark in May 2009 in the United Kingdom and, two months later, filed UK Trade Mark Application No. 2521952 for morphsuits in Class 25, covering 'Clothing, Fancy Dress'. The Complainant's core product is an all-in-one lycra costume, offered in a variety of designs.

Due, in part, to the fact that a large proportion of the brand's marketing has been conducted through social media, exposure of the MORPHSUITS mark has grown sharply since its inception. By the end of 2009, the MORPHSUITS' Facebook fan page had been 'liked' by 32,000 consumers and by 2010, at the time that the Respondent registered the Domain Name (namely 14 April 2010), the MORPHSUITS Facebook fan page had reached 142,139 'likes'.

The growth of the MORPHSUITS brand was such that, within the first year of operations (year ending 31 May 2010), the Complainant generated revenue of £1.2m based solely upon sales of its MORPHSUITS products.

From the WHOIS details for the domain name <thelaughingstock.co.uk> one can infer that the Respondent has operated a fancy dress outlet since at least 4 August 2002. Having conducted a search of the Internet Archive service Wayback Machine, the Complainant has found no evidence to suggest that, prior to 2009 when the Complainant launched its business under the MORPHSUITS trade mark, the Respondent offered any similar all-in-one lycra costumes for sale.

The Complainant submits that the Respondent, throughout the first seven years of its operations from 2002 to the date that the Complainant launched its MORPHSUITS range of fancy dress costumes, could have created similar style costumes but it did not. Accordingly, it is said that the Respondent cannot assert that it had made preparations to use the Domain Name for a legitimate business.

Whilst the Respondent has never been an authorised seller of the Complainant's genuine products, the explosive growth of the Complainant's operations under its MORPHSUITS trade marks, the significant exposure to the fancy dress market in a short period of time and the very conspicuous timing of the Respondent's registration of the Domain Name is such that it is highly likely the Respondent had become aware of the Complainant's operations and sought to register the Domain Name as a result.

Accordingly, the Complainant submits that the Domain Name was registered with a view to operating a website relating to the retail of products in direct competition with the Complainant, namely, fancy dress costumes and other articles of fancy dress. Further, the Complainant submits that the Domain Name was registered for the purpose of blocking registration against a term which is very similar to a distinctive trade mark in which the Complainant has Rights, which unfairly disrupts the business of the Complainant.

There is no obvious reason why the Respondent might have been justified in registering the Domain Name. Thus at the time of registration, in the hands of the Respondent, the Domain Name constituted a threat hanging over the head of the Complainant.

Complaint in relation to abusive use of the Domain Name

Since 2010, the success of the Complainant's business has increased exponentially as a result of the popularity of its all-in-one costumes; by 2011 the Complainant's MORPHSUITS Facebook fan page boasted 584,121 'likes'. A year later, the Complainant took the decision to expand its business to incorporate new and innovative styles of fancy dress.

By June 2012, the Complainant's operations under the MORPHSUITS brand had generated annual turnover of £11m and was rewarded with investment of £4.2m by the British Growth Fund. By 2013, the Complainant's range of products (all of which are made by the Complainant) had risen to 178. It boasted over 1.2 million Facebook 'likes' on its MORPHSUITS fan page. In 2014 the product range has risen to 305 costumes and the Facebook fan page has risen to over 1.49 million 'likes'.

The Complainant checked the activity on the Domain Name on 19 May 2014 (by which point the Complainant had established itself as one of the market leaders in the UK fancy dress industry) and noted that the Domain Name was pointing to an inactive parking page. In June 2014 the Complainant made several attempts to contact the Respondent, with a view to securing the transfer of the Domain Name, which were all ignored by the Respondent.

In July and August 2014 the Complainant was subject to widespread reports in the online media that it was undergoing a £1m rebrand from MORPHSUITS to the Morph Costume Co. In September 2014, the Complainant re-checked the webpage activity and discovered that the Domain Name was pointing to the Respondent's main business webpage at <thelaughingstock.co.uk>.

Unfortunately, the Nominet WHOIS details for the Domain Name give no indication as to the precise date that the Domain Name was redirected from the parking page to the Respondent's primary website. However, the Complainant understands that Nominet has the authority to access this information, which is usually only available to the Domain Name Registrant, in the event that the information is critical to the outcome of a Complaint. Thus, the Complainant respectfully requests that the Expert is granted access to the technical details of the Domain Name so that it can determine that the Domain Name has recently (namely, in the last two to three months) been redirected to the Respondent's primary retail website.

Any business that wishes to maximise profits, including those within the fancy dress industry, is used to comparing similar goods in the market as a means of securing the best deal and, subsequently, maximising profit at the point of re-sale. The Complainant has produced a number of screenshots taken from the Complainant's and the Respondent's websites which it says are examples of competing products.

The Complainant submits that it is inconceivable that the Respondent, who operates in the same industry and offers products that compete directly with the Complainant's, was not aware of the Complainant's business under its MORPHSUITS and Morph Costume Co. trade marks at the time that it redirected the Domain Name to its primary retail website.

The Respondent cannot assert that the Domain Name is used in a generic or descriptive fashion. Further, the Respondent cannot defend its actions by arguing that it uses the Domain Name in a fair commercial manner; the Respondent does not own any United Kingdom or Community Trade Mark Rights, never mind any that bear resemblance to the Domain Name; the only trade mark owner revealed by a search for "The Laughing Stock" is The Laughing Stock Food Ltd, which bears no relation to the Respondent. Simply put, the Respondent uses the Domain Name to redirect business away from the Complainant's website so that it benefits

financially from the Complainant's reputation. The Complainant asserts that the Domain Name is being used in a way which is extremely likely to confuse consumers into believing that the Domain Name is registered to, operated by, endorsed by or affiliated to the Complainant.

The Complainant seeks a transfer of the Domain Name.

5.2 Respondent

The Response, so far as is material, is summarised below.

The Domain Name was registered by Colin Brown of 7 Langdale Court, Witney, Oxfordshire, OX28 6FG back on 18th April 2010 in good faith so as to produce a website selling fancy dress costumes.

The name 'morphcostume' was chosen to reflect the definition of the word 'Morph' which is defined by the Oxford English Dictionary as 'Undergo or cause to undergo a gradual process of transformation', so that the meaning was to transform a person from one person to another character. The Domain Name was not registered with an intention of obtaining customers from the Complainant, which sells Morphsuits. The Complainant holds a trade mark for Morphsuits and, as the Complainant concedes in the Complaint, the Respondent does not sell their Morphsuit lycra suits.

The Complaint states that 'The Complainant's core product is an all-in-one lycra costume' and it owns the right to use the name Morph in respect of lycra based costumes. It was not until September 2013, which was several years after registration of the Domain Name, that the Complainant launched a web company called Morph Costume Co. According to the Complainant's press releases, it started selling non-lycra fancy dress costumes through Morph Costume Co. This new venture sells fancy dress costumes which are similar to the Respondent's fancy dress costumes, including a 'Banana Deluxe Costume' and a 'Deluxe Parrot Costume'. The Complainant is therefore reaching out into another trade of generic fancy dress. It claims to own the name Morph in respect of everything, which is untrue and factually incorrect.

The Complainant states that it owns the Morph Costume Co logo but this was only filed on 24 January 2014 and registered on 9 May 2014. This was with the knowledge that the Respondent had owned the Domain Name since 18 April 2010.

The Complainant alleges that the Respondent purposefully changed the pointing of the Domain Name after it became aware of rumours about the name change to Morph Costumes Co. The Respondent denies this. It says records will show that, due to an error on the part of the Respondent's hosting company, the Domain Name was pointing to the wrong nameserver. Following a complaint by the Respondent, the hosting company directed the Domain Name to the correct address, which is the website that the Respondent points 'any work undergoing domains.'

The Respondent did receive emails from someone called Graeme, who works for the Complainant, who stated that the Complainant owns all rights to any fancy dress with regards to the name Morph and indicated that the Respondent was illegally using the name MorphCostume. The Respondent found no evidence of the Complainant having any rights to the name Morph, so these communications were ignored.

The Respondent believes that it has the right to own the Domain Name as its intention is to use this site to sell costumes which will transform people from one character to another, in accordance with the Oxford English Definition of 'morph.' The Respondent has owned the domain name <morphcostume.com> since 2010 which will run alongside the Domain Name and the Respondent has not had to defend itself against a claim by the Complainant with regard to that domain name.

The Respondent points out that the Complainant does not own any trade mark to the stand alone name of Morph.

5.3 Reply

The Reply, so far as is material, is summarised below.

The Respondent admits it registered the Domain Name on 18 April 2010 with a view to its use in connection with the retail of fancy dress outfits. The broad term 'Fancy dress' is specifically protected within the Complainant's UK Trade Mark Registration No. 2521952 for morphsuits in Class 25 (covering 'Clothing, Fancy Dress') and the Community Trade Mark Registration No. 008962425 for MORPHSUITS in Class 25 (covering 'Articles of clothing, headwear and footwear; fancy dress outfits, fancy dress costumes, articles of fancy dress'). Therefore, the Respondent's claim that the Complainant's registered rights only extend to all-in-one lycra costumes is fundamentally incorrect.

Moreover, it may constitute an infringement of the Complainant's rights, in respect of both the registered trade marks MORPHSUITS and MORPH COSTUME CO., for the Respondent to apply the trade mark MORPH COSTUME to any articles of fancy dress. The Complainant accepts this dispute would not be addressed through the forum of a complaint under the Nominet DRS Policy.

The Respondent claims that its use of the term MORPH COSTUME is descriptive and cites the Oxford English Dictionary in support of its claim. The Complainant strongly rejects this claim: whatever meaning may be attributed to 'morph', the term MORPH COSTUME is not descriptive. In any case, the Respondent is not using the word in a descriptive or generic manner but is using the term in the course of trade as a trade mark. The trade mark authorities throughout the world have recognised that the term MORPHSUITS is distinctive because the term is the subject of a world wide portfolio of trade mark registrations for, inter alia, fancy dress.

The Respondent's argument in this respect would only work if it had registered, for example, the domain name <buycostumestomorphyourappearance>. In that case, the use of 'morph' could be said to be descriptive, such that the Complainant would not have cause to file a Complaint to Nominet. However, the Respondent admits that it registered the Domain Name for the purpose of pointing it to a website relating to the retail of fancy dress. It also admits that it instructed its domain name registrar to point the Domain Name to a website that actively sells articles of fancy dress.

Given the above, it is clear that the Domain Name is being used in a manner that constitutes trade mark use, such that a defence based on descriptive use of the word MORPH is simply not available to the Respondent.

The Complainant dismisses the Respondent's claim, that the Complainant applied to register

the MORPH COSTUME CO logo as a trade mark having learnt of the Respondent's registration of the Domain Name, as weak speculation. The Complainant submits that it applied to register its MORPH COSTUME CO. trade mark as a direct result of the significant success of its operations under its MORPHSUITS brand. The Complainant says that, even on the balance of probabilities, the Complainant is much more likely to have chosen a trade mark that takes the distinctive MORPH element of its own earlier, successful, trade mark (the adoption of which pre-dates the Respondent's registration of the Domain Name), than to launch a new product line based upon a Domain Name owned by an unrelated business.

The Respondent claims that the simultaneous ownership of the corresponding domain name <morphcostume.com> affords it an additional right to own the Domain Name. The Complainant submits that ownership of a domain name does not grant its owner the exclusive right to a trade mark. It reserves all of its rights, including its right to seek the transfer of that domain name through the World Intellectual Property Office's Uniform Domain Name Resolution Policy.

6. Discussions and Findings

General

In order for the Complainant to succeed it must prove to the Expert, on the balance of probabilities, that:

'it has Rights in respect of a name or mark which is identical or similar to the Domain Name; and

the Domain Name, in the hands of the Respondent, is an Abusive Registration.'

The meaning of 'Rights' is defined in the Policy in the following terms:

'Rights means rights enforceable by the Complainant, whether under English law or otherwise, and may include rights in descriptive terms which have acquired a secondary meaning.'

An Abusive Registration is defined in the Policy as follows:

'Abusive Registration means a Domain Name which either:

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

has been used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights.'

A non-exhaustive list of factors which may be evidence of an Abusive Registration is set out in paragraph 3 of the Policy. A non-exhaustive list of factors which may be evidence that the Domain Name is not an Abusive Registration is set out at paragraph 4 of the Policy.

Complainant's Rights

For these purposes, the relevant part of the Domain Name is MORPHCOSTUME. The Complainant claims rights in the marks MORPHSUITS, which it says is similar to the Domain Name, and MORPH COSTUME CO, which it says is virtually identical to the Domain Name.

Rights in the mark MORPHSUITS

There is no doubt that the Complainant has enforceable rights in the mark MORPHSUITS. The evidence shows that the MORPHSUITS mark was registered by the Complainant as a UK trade mark in 2009 and as a Community Trade Mark in 2010. It has also been registered as a trade mark in a number of other jurisdictions.

The Complainant also makes reference to the prominent and extensive use it has made of the mark MORPHSUITS, particularly on social media platforms. The evidence includes a press release about an investment in June 2012 of £4.2m to further develop the 'Morphsuits costume phenomenon.' The press release includes the following passage:

'In only three years, revenues have soared from £1.2 million in 2010 to £11 million in 2012. The company has experienced growth of 300 per cent year on year on the back of a marketing campaign that has been driven by social media and now boasts over one million fans on its Facebook page.'

The Complainant has produced a screenshot from its Facebook fan page in August 2014 that records 1,409,705 'likes'.

The Respondent accepts that the Complainant has registered rights in the mark MORPHSUITS but raises a number of issues about the true extent of those rights. Most of these points are relevant to the issue of Abusive Registration, which is considered below, but the way in which the Respondent has put its case raises two further issues for consideration under the definition of Rights:

- (i) is the mark descriptive?
- (ii) is the mark similar to the Domain Name?

Is the mark MORPHSUITS descriptive?

The Respondent says that it registered the term MORPHCOSTUME as a domain name because it was descriptive of a website, that it intended to produce, that would sell fancy dress costumes which transform people from one character into another. Whilst the Respondent doesn't make the point in express terms, an extension of its argument that the term MORPHCOSTUME is descriptive is that the mark MORPHSUITS could be said to be descriptive. The Complainant does not accept that either term is descriptive.

Under the definition of Rights in the DRS Policy, a complainant can establish rights in descriptive terms which have acquired a secondary meaning. The Policy therefore reflects the English law of passing off which recognises that a name which is descriptive can acquire a secondary meaning in that it becomes distinctive of a particular business.

There is a continuum between a highly fanciful name (such as an invented word) and an obviously descriptive word or term that is an accurate description of the particular product. The mark MORPHSUITS sits somewhere in the middle of that continuum in that it is suggestive of the particular product line but it is an invented name designed to denote that it is the

Complainant's product. It is certainly not so descriptive as to be denied recognition under the Rights test.

In any event, it is clear that the trade mark authorities in a number of jurisdictions have accepted that the mark MORPHSUITS is distinctive of the Complainant's business.

Is the mark similar to the Domain Name?

The Expert finds that the mark and the relevant part of the Domain Name are similar. They are both compound words made up of two components: the first - being the word MORPH - is identical and the second is similar in that, in both cases, it is a dictionary word that relates to clothing.

As the Experts' Overview makes clear, the first hurdle of establishing Rights is intended to be a relatively low-level test and the objective is simply to demonstrate there is a bona fide basis for making the complaint. Issues relating to confusion, which are raised in this dispute, are best addressed under the second hurdle of Abusive Registration.

The Expert is satisfied that the Complainant has Rights in the mark MORPHSUITS which is similar to the Domain Name.

Rights in the logo MORPH COSTUME CO.

The Complainant also claims the benefit of enforceable rights in the logo shown below:



The Respondent rightly points out that the Complainant's rights in that logo, and any rights that are claimed in the name Morph Costume Co., post-date registration of the Domain Name. The Domain Name was registered on 18 April 2010. The Morph Costume Co. logo was registered as a UK trade mark with effect from 24 January 2014.

The registration of the Morph Costume Co. logo appears to have been part of a corporate re-branding exercise undertaken by the Complainant to change its name from Morphsuits to Morph Costume Co. The Complainant has been a little coy about the chronology of, and reasoning for, this corporate re-branding. This is an issue that is explored in greater detail in the section below relating to Abusive Registration.

For the purposes of the first hurdle, the Expert accepts that the Complainant has registered rights in the above logo and that the logo and the Domain Name are similar. The Complainant says that the only elements that set the logo apart from the Domain Name are the hand logo and the term 'Co.', which is an abbreviation for 'Company'. The Complainant argues that the terms MORPH and COSTUME are the dominant and distinctive elements of the Complainant's logo and they are mirrored in the Domain Name. The Expert accepts this contention but

observes that, in terms of timing, the mirroring is the other way round as the Domain Name was registered some years prior to the logo.

However, for the purposes of the first hurdle, nothing turns on this point as there is no requirement in the DRS Policy for the Rights to pre-date the date of registration of the Domain Name. However, the timing point is often a highly relevant factor when one comes on to consider the issue of abuse under the second hurdle, which is explored below.

The Expert is satisfied that the Complainant also has Rights in respect of the above logo which is similar to the Domain Name.

Abusive Registration

A domain name can be an Abusive Registration either because it was registered with abusive intent or because it has been used abusively. The Complainant complains about both forms of abuse in this case.

Registered with abusive intent?

The Complainant's case is constructed around an inference that the Respondent must have had prior knowledge of the brand name MORPHSUIT. It puts that case in the following terms:

'the explosive growth of the Complainant's operations under its MORPHSUIT trade marks, the significant exposure to the fancy dress market in a short period of time and the very conspicuous timing of the Respondent's registration of the Domain Name is such that it is highly likely the Respondent had become aware of the Complainant's operations and sought to register the Domain Name as a result.'

The Respondent does not, in express terms, deny prior knowledge of the Complainant's mark MORPHSUIT but says that it registered the Domain Name in good faith and adopted the name MORPHCOSTUMES as it is a descriptive term that was intended for a genuine offering of goods and services. The Respondent seeks to argue that the Complainant's rights are limited to its all-in-one lycra suits. It puts its case in these terms:

'The disputed domain name was registeredon 18th April 2010 in good faith as to produce a website selling fancy dress costumes. The term name morphcostume was chosen to reflect the name definition of the word 'Morph' as defined by Oxford English Dictionary as 'Undergo or cause to undergo a gradual process of transformation', so that the meaning was to transform a person from one person to another character. This was not intended to obtain customers from the company morphsuits, as the complainant, AFG Media Ltd explains in their complaint and give evidence for us stating that we do not sell their morphsuit lycra suits for which they hold the trademark for.'

The Expert's summary of the positions of the parties is that the Complainant says it is more likely than not that the Respondent knew of its rights and that the motivation for registration of the Domain Name was to take unfair advantage of those rights. As is often the case there is no direct evidence of that. The Respondent's position is that it adopted a similar word combination to that used by the Complainant (although it never quite gets to the point of saying it 'invented' that combination wholly without knowledge of the Complainant's word combination) to be applied to a slightly different category of goods and the Complainant is over-reaching itself by suggesting that its rights extend to fancy dress costumes generally. The Respondent says, in

effect, that the Complainant cannot seek to monopolise a descriptive word such as MORPH and it may have to put up with a certain amount of confusion as an inevitable consequence of choosing a descriptive brand name.

It is necessary to consider the available evidence about the activities of the parties in the 11 month period between the commencement of the Complainant's business under the brand MORPHSUITS in May 2009 and registration of the Domain Name on 18 April 2010.

The evidence shows that in this period:

- The Complainant applied to register a UK trade mark which was granted on 6 November 2009.
- The Complainant promoted the brand through social media and claims that, by the date of registration of the Domain Name, the Facebook fan page had reached 142,139 'likes', although no documentary evidence has been adduced to support this figure. A subsequent screenshot, albeit from August 2014, shows a very significant interest in that Facebook fan page.
- The Complainant says that in its first year of trading, which ended on 31 May 2010, the revenue generated through sales of the MORPHSUITS product amounted to £1.2m, although again no documentary evidence has been adduced to support this claim. What is clear, from subsequent press releases, is that the Complainant experienced very significant growth in its business in a short space of time.

It is not clear when the Domain Name first came to the attention of the Complainant but, on the evidence, no complaint was made about it until June 2014, some four years after it had been registered. The lapse of time has one advantage which is that the Expert has been able to consider evidence of the subsequent actions of the parties, the analysis of which is set out below. This has been helpful in arriving at a determination about whether the Respondent's intentions at the date of registration were abusive or not.

Abusive use of the Domain Name?

The Complainant says that, even if the registration itself was not abusive, the Respondent has changed the use of the Domain Name by re-directing it at its own website and it is thereby re-directing business, intended for the Complainant's website, for its own financial benefit. The Complainant says that this takes unfair advantage of its rights. There is no evidence of any actual confusion having taken place in the papers before the Expert.

It is common ground that the Respondent re-directed the Domain Name from a parking page to the Respondent's website at <thelaughingstock.co.uk>. The motivation behind that re-direction is in dispute. The Complainant says it was done after widespread reports appeared in the online media about the corporate re-branding from MORPHSUITS to MORPH COSTUME CO.

The Respondent says this is untrue and that, due to an error on the part of the hosting company, the Domain Name had been pointing to the wrong server and, when that error came to light, it was correctly pointed at the Respondent's own website. The Respondent puts its case in this way:

'records will show that an error by our host company Easyspace will show that they mistakenly pointed this domain to the wrong nameserver, after a complaint by ourselves they pointed the domain to the correct address of <thelaughingstock.co.uk>, which is the site we point any work undergoing domains.'

The Respondent has not produced the records it refers to or the complaint that it says was made to the hosting company.

The development of the Complainant's business

The evidence shows that, in an attempt to build on the significant growth already achieved, the Complainant broadened its product portfolio and undertook a corporate rebranding exercise. The registration of the logo, referred to above, was part of the re-branding exercise which saw the name change from Morphsuits to Morph Costume Co.

According to the Complaint, it decided to expand its business to incorporate new and innovative styles of fancy dress at some point in 2012. The product range offered by the Complainant had expanded to 305 costumes by 2014. The Complainant refers to widespread reports in the online media, in the summer of 2014, that it was undergoing a £1m re-brand from MORPHSUITS to the Morph Costume Co. The evidence provided by the Complainant includes a screenshot from the online edition of The Scotsman dated 29 August 2014 with the headline 'Morphsuits firm rebrands to hit new heights.' The opening sentence reads:

'FANCY DRESS firm Morphsuits has unveiled a change of name as it seeks to grab a larger slice of the global costumes and party market, estimated to be worth £3.5 billion.'

The website links provided by the Respondent include a link to a news release at the website of digitalnewsroom.co.uk which includes the following statement:

'AFG Media, the group of young, Scottish entrepreneurs responsible for global fancy dress phenomenon, Morphsuits is plotting global domination of the \$6billion fancy dress market by launching the first recognisable consumer brand in the sector, Morph Costume Co. Expanding its range from the full body spandex costumes that have sold millions worldwide, Morph Costume Co. will include the first ever costumes that incorporate smartphone app animations.'

The news release provided by the Respondent is dated 22 August 2013 which is nearly a year before the press releases referred to by the Complainant about the re-branding. The Respondent provided a link to another webpage that includes a statement that the Morph Costume Co. was launched at the beginning of September 2013. What emerges from the evidence is that the Complainant decided to re-brand some time before it raised a complaint with the Respondent in June 2014. That impression is not given on the face of the Complaint. No doubt the fact that a third party operating in the same industry owned the Domain Name was a source of concern to the Complainant given its expressed intention to create the first recognisable consumer brand in the fancy dress sector under the name Morph Costume Co.

The development of the Respondent's business

The evidence, in the form of screenshots taken from both parties' websites, shows that the Respondent started to offer all-in-one tight body suits which appear to be substitute products for

the Complainant's all-in-one lycra suits. The way in which the Respondent describes these products on its website is relevant for reasons that are discussed below.

Is the use of the Domain Name unfair?

The net effect of events that took place after registration of the Domain Name is that the parties moved into direct competition with each other, the Complainant adopted a name which was very close to the Domain Name that had been registered by the Respondent some years earlier and the Respondent re-directed the Domain Name from a parking page to its own website. The potential for confusion of consumers increased significantly as a consequence of these factors coming together but that does not necessarily mean that it amounts to unfair use.

In effect, the Complainant has made out a prima facie case of confusing use under paragraph 3(a)(ii) of the DRS Policy, which reads as follows:

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

The Respondent seeks to counter that case by raising a number of factors which may be evidence that the Domain Name is not an Abusive Registration under paragraph 4 of the DRS Policy. The relevant factors under paragraph 4 are:

'4(a)(i)A: Before being aware of the Complainant's cause for complaint (not necessarily the 'complaint' under the DRS), the Respondent has 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.'

'4(a)(ii): The Domain Name is generic or descriptive and the Respondent is making fair use of it.'

Demonstrable preparations to use the Domain Name for a genuine offering: para. 4(a)(i)A

The Experts' Overview contains the following analysis of what is required by way of evidence to demonstrate 'preparations to use' in paragraph 4(a)(i)A:

'Most abusive registrants do not respond to complaints, but those who do will commonly assert the existence of plans, which are designed to defeat the complaint. Experts will generally view purported 'plans' which are totally unsupported by any contemporaneous evidence with a heavy measure of scepticism.

Accordingly, if the registrant has genuine plans for the domain name, arrived at wholly without reference to the rights of the Complainant, it makes sense for the registrant to produce evidence to show that they are genuine and were not dreamt up simply to defeat the complaint. The more straightforward the registrant's case, the less that the Expert is likely to need in the way of supporting evidence. However, any evidence produced should sensibly include evidence pre-dating the registrant's awareness of the Complainant's rights. Failing that, the evidence may not be worth a lot, but a credible explanation for the absence of any such evidence may assist.

The usual evidence will comprise correspondence with third parties (banks, lawyers, partners etc) in which the plans are identified.'

The Respondent has produced no evidence to show that its plans were genuine and not dreamt up simply to defeat the Complaint and there is no explanation for the absence of such evidence. There is no evidence in the four years since of any progress in terms of putting those (purported) plans into action. The Response contains this statement:

'We feel we have the right to own the domain <MorphCostume.co.uk> as our intention is to use this site to sell costumes which will transform people from one character to another.'

It is illustrative that the Respondent is, four years on, still using the present tense to describe its intention. At the date of registration of the Domain Name, the Respondent was already operating its own website at <thelaughingstock.co.uk>. Its own case is that the Domain Name should have been directed to that website which is 'the site we point any work undergoing domains.' The Expert is not entirely clear what is meant by those words but it appears that the Respondent's stated intention, when it registered the Domain Name, which was to produce a website remains an unfulfilled intention and, in the meantime, it always intended to direct the Domain Name to its own website.

If, as suggested in the Overview, Experts tends to be highly sceptical of 'plans' which are totally unsupported by any contemporaneous evidence then the level of scepticism can only increase if there is no evidence of those plans having been progressed in a four year period since the registration of the Domain Name.

Descriptive and fair use: para. 4(a)(ii)

Whilst the words MORPH and COSTUME are ordinary dictionary words, the juxtaposition of those two words into a compound word is not a familiar expression used in the English language to describe the function of a fancy dress outlet. As noted below, there is no evidence that at any point the Respondent has used those words in a descriptive sense other than (it says) in the Domain Name. Even if the Domain Name can be said to be descriptive, the Respondent has to show that it is making fair use of it.

The issue of fair use

The Experts' Overview includes a section which answers the following question:

'Is it possible for a Respondent to make fair use of a domain name where (a) that name is also the Complainant's trade mark and (b) the Respondent's use of the domain name is causing confusion?'

The relevant section from the Overview is reproduced below:

'Yes. While, ordinarily, a confusing use of such a domain name will be regarded as unfair, it may not be regarded as unfair where, for example, the Respondent's registration and use of the domain name predates the Complainant's rights, the Respondent has not changed his use of the domain name to take advantage of the Complainant's rights and the Respondent's behaviour has been unobjectionable. Decisions involving domain name registrations pre-dating the Complainant's rights are DRS 02223 (itunes.co.uk), the

decision and Appeal decision in DRS 04962 (myspace.co.uk), the decision and Appeal decision in DRS 05856 (t-home.co.uk) and the decision and Appeal decision in DRS 06365 (oasis.co.uk). The final decisions in all but the first of those cases went in favour of the Respondents.

The principles to be derived from those decisions, each of which differed on their facts, are as follows:

1. Where the domain name registration pre-dates the coming into existence of the Complainant's rights, the act of registration is unlikely to lead to a finding of Abusive Registration. It is not possible to be categorical on this point, because it is not inconceivable that a finding of Abusive Registration could result in circumstances where the Respondent effected the registration in breach of an obligation of confidence and with knowledge of the Complainant's plans.
2. Ordinarily, provided that the Respondent has done nothing new following the coming into existence of the Complainant's rights to take advantage of those rights, the Respondent's use of the domain name is unlikely to lead to a finding of Abusive Registration.
3. However, where the domain name is connected to a parking page operated on behalf of the Respondent by a third party (eg a hosting company), the Respondent is unlikely to be able to escape responsibility for the behaviour of that third party.

An as yet unresolved issue is where the dividing line lies between fair confusing use and unfair confusing use.

Another use, which may not be regarded as unfair within the terms of the DRS Policy, is where the Complainant's name or mark is a dictionary word or a combination of dictionary words and not well-known and the Respondent reasonably registered and has been using the domain name in ignorance of the Complainant's rights. In such circumstances, if the confusion is likely to be very limited, an Expert might conclude that it would be unjust to deprive the Respondent of his domain name.'

'However, there is a view among some Experts (albeit a minority) that a confusing use which is likely to constitute trade mark infringement cannot be anything other than unfair.'

As the Appeal Panel pointed out in DRS04962 <myspace.co.uk>, the registration of domain names is still a first-come-first-served system and Experts are generally reluctant to place any duty on a registrant, who has merely the good fortune (or maybe ill fortune) to register a name in good faith, which subsequently, through no fault of his own, acquires notoriety, provided that he does nothing actively to exploit his position.

In the <myspace.co.uk> case, the domain name had been acquired in advance of the coming into existence of the complainant's rights. However, in this case the Complainant had acquired rights in the mark MORPHSUITS prior to registration of the Domain Name which, whilst not identical to the Domain Name, was conceptually similar to it.

The question is how likely is it that the Respondent arrived at the Domain Name wholly without reference to the Complainant's rights? The burden of proof is on the balance of probabilities (i.e. more probable than not) and, having weighed up all of the evidence, the Expert has come

to the conclusion that it is more probable than not that the Respondent arrived at the Domain Name with knowledge of the Complainant's rights. In arriving at that conclusion, the Expert has had regard to the following factors:

- The parties were operating in the same or, at least, a complementary field of activity.
- Whilst the Complainant's business at that time was less than a year old it had put on rapid growth and attracted attention on social media.
- The Respondent has not challenged the statement in the Complaint that 'it is highly likely the Respondent had become aware of the Complainant's operation.' It would be a simple matter for the Respondent to say 'I had no knowledge of the Complainant' if that was the case. The firepower in the Response is directed at seeking to limit the extent of the Complainant's rights rather than denying prior knowledge of those rights.

In addition, and as indicated above, it is possible to test the Respondent's case against its own subsequent actions. The Respondent has failed to produce any evidence that it has used the term MORPHCOSTUME in a descriptive sense, i.e. to describe any of its products and services. The Respondent's website offers a vast range of fancy dress outfits, many of which have a Halloween theme. The products that compete directly with the Complainant's morphsuits are limited in number and are described on the Respondent's website as 'skin suits' and not morph costumes. None of the other fancy dress products are described as morph costumes. Indeed, as far as the Expert can tell, the term MORPH COSTUMES is entirely absent from the Respondent's website.

One has to ask oneself the rhetorical question: if the Respondent had a particular liking for the descriptive term MORPHCOSTUMES that it 'invented' because it described the transition of one character to another, why is it that it has not used that term to describe any of its goods and products?

In the Expert's opinion, the use of MORPHCOSTUME in the Domain Name was either purely in a trade mark sense, i.e. it was intended as an reference to the Complainant's products albeit not an exact reference or, at best, it was an equivocal use in the sense that the Respondent was aware of the Complainant's Rights but hoped it was just on the right side of the line because the term it used was not identical and it believed the Complainant's rights could be restricted to all-in-one lycra suits.

Even if one accepts the Respondent's explanation for registering the Domain Name, which the Expert does not, the evidence is that Respondent took an active step, after becoming aware of the Complainant's re-branding exercise, which was to re-direct the Domain Name to its own website. The Respondent seeks to deflect that point by suggesting the Domain Name should always have been pointing to its own website but responsibility for use rests with the Respondent. In any event, that suggestion rather undermines the claim that it registered the Domain Name in order to produce a website that offered fancy dress outfits.

Based upon an assessment of the Respondent's actions, the intention seems to have been to register the Domain Name in order to point it to a pre-existing website that already offered fancy dress outfits. There is nothing in the papers, or websites to which the Expert has been referred, that evidences an intention on the part of the Respondent to use the Domain Name to produce a website to raise the company's profile as a supplier of goods or services under the descriptive term MORPH COSTUMES.

Accordingly, the Expert finds that there has been confusing use of the Domain Name which is unfair either because:

- (i) the Domain Name was registered with knowledge of the Complainant's rights in the mark MORPHSUITS and the Respondent hoped to profit from any confusion that might arise from the increasing popularity of the Complainant's products; or
- (ii) the Respondent took an active step subsequently to exploit the increasing popularity of the Complainant's products.

In either case, the Domain Name has taken unfair advantage of the Complainant's Rights. The Respondent rightly observes that the Complainant does not have a monopoly over use of the word MORPH but that does not present an entirely free hand to a registrant to act in a manner that is abusive within the meaning of the DRS Policy. The fact that the Respondent also registered the domain name <morphcostume.com> which has not, as yet, been challenged by the Complainant, is not a relevant factor in terms of determination of the issues in this case under the DRS Policy.

On the basis of the findings made by the Expert, the Domain Name is, in the hands of the Respondent, an Abusive Registration.

7. Decision

For the reasons set out above, the Expert is satisfied, on the balance of probabilities, that the Complainant has rights in a mark which is similar to the Domain Name and the Domain Name is, in the hands of the Respondent, an Abusive Registration. The Expert directs that the Domain Name is transferred to the Complainant.

Signed Andrew Clinton

Dated: 13 November 2014