

O/759/19

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 3318401
BY OUT OF NOWHERE RECORDS LTD
TO REGISTER:**

Out of Nowhere

AS A TRADE MARK IN CLASSES 9 & 41

**AND IN THE MATTER OF THE OPPOSITION THERETO
UNDER NO. 413578 BY
DUNCAN ILLING**

Background and pleadings

1. Out of Nowhere records Ltd (“the applicant”) applied to register **Out of Nowhere** as a trade mark in the United Kingdom on 16 June 2018. It was accepted and published in the Trade Marks Journal on 13 July 2018 in respect of the following goods and services:

Class 9

Digital music [downloadable] provided from mp3 web sites on the internet; Digital music downloadable from the Internet; Digital music downloadable provided from MP3 internet web sites; Digital music downloadable provided from MP3 internet websites; Digital music downloadable provided from a computer database or the internet; Digital music downloadable provided from the internet; Downloadable digital music; Downloadable digital music provided from MP3 Internet web sites.

Class 41

Arranging of music events; Digital music [not downloadable] provided from mp3 web sites on the internet; Entertainment in the form of recorded music (Services providing -); Organisation of music concerts; Organisation of musical events; Presentation of music concerts; Production of music; Production of musical works in a recording studio; Providing digital music from mp3 internet web sites; Providing digital music from the internet; Publication of music; Publishing of music; Recording of music; Music production; Music publishing; Music publishing and recording services; Music publishing services; Music recording; Musical events (Arranging of -).

2. The application was opposed by Duncan Illing (“the opponent”) on 17 September 2018. The opposition is based on section 5(4)(a) of the Trade Marks Act 1994 (“the Act”).

3. The opponent claims that use of the applicant’s mark for all the goods and services in the application is liable to be prevented under the law of passing off, owing to its goodwill attached to the sign **Out of Nowhere** and the figurative sign shown below:



Out of Nowhere

It claims to have used these signs throughout the UK since 11 April 2016 in respect of the following goods and services:

Digital music downloads (various formats, MP3, WAVE, FLAC); digital music streaming; CDs; music videos; music sleeve designs.

Sound recording productions; Video productions.

4. The opponent claims that the applicant's use of the mark is causing confusion with "collective bargaining and collecting agencies" in the music business, and more widely in the marketplace, and that this may lead to a potential breach of contractual obligations and damage to the opponent's reputation.

5. The applicant filed a defence and counterstatement, denying all the grounds.

6. Both parties filed evidence in these proceedings. This will be summarised to the extent that I consider necessary.

7. The opponent filed submissions, including written submissions in lieu of a hearing, on 29 March 2019, 11 September 2019 and 27 October 2019. The applicant filed submissions on 8 July 2019. These will not be summarised but will be referred to as and where appropriate during this decision.

8. Neither party requested a hearing, so this decision has been taken following a careful consideration of the papers. In these proceedings, the opponent is self-represented and the applicant is represented by Nigel Brooks CPA.

EVIDENCE

The opponent's evidence-in-chief

9. The opponent's evidence-in-chief comes from Mr Duncan Illing, who states that he has been trading under the name "Out of Nowhere" since 2016. His witness statement is dated 28 March 2019.

10. Mr Illing states that his business was established in January 2016 as a record label and music and video production company. He says he registered the name with PPL, a copyright collecting agency, in January 2016, and also registered with HMRC as a sole trader on 11 April 2016.

11. On 10 February 2016, he began to promote the business. Exhibit D contains a screenshot from Facebook which shows an entry, adding a cover photo, on this date. Exhibits E and F are further screenshots of postings made in March and April 2016. The domain name Outofnowherehq.com was registered to him from 3 June 2016.

12. The opponent has released the following recordings under the name "Out of Nowhere":

Number	Recording	Promo	Commercial release/in public domain
OON001	OUTSIDERS EP	August 2016	December 2016
OON002	STAY TO SAY video	August 2016	September 3026
OON003	OUTSIDERS video	October 2016	November 2016
OON004	CHANGE EP	April 2017	May 2017
OON005	CHANGE video	April 2017	April 2017
OON007	ONLY LOVE CAN SAVE US NOW video	April 2017	April 2017
OON008	HIGHWIRE single	May 2018	June 2018
OON009	HIGHWIRE video	June 2018	June 2018

Number	Recording	Promo	Commercial release/in public domain
OON010	OUTSIDERS single (2018)	July 2018	August 2018
OON011	OUTSIDERS video (2018 version)	August 2018	August 2018
OON012	HORIZONS album	February 2018	August 2018
OON013	RUNAWAY single	December 2018	December 2018

13. Mr Illing states that the amounts he spent on promoting the goods and services before the date of application were £8,529 in 2016/17, £2,229 in 2017/18 and an estimated £3000 in 2018/19. He adds that he has also spent £8,926.67 on Facebook advertising since 2016.

14. On 14 June 2018, after noticing the applicant's Facebook page, which had been in operation since 28 November 2017, Mr Illing approached the page's administrator, Mr Jeffrey Downton, via direct message. This was read by someone with administrator access, but it is not clear exactly who that person was. Mr Illing says he received no reply. Mr Illing wrote again to Mr Downton on 20 July 2018, via his representatives, and received no reply.

15. Mr Illing states that his business has been affected:

"I have had to pause projects and in cases of active projects, alter my approach to music industry projects until this is fully resolved as it is inhibiting my ability to operate as before the appearance of this copy of the name Out of Nowhere. It impacts my contractual obligations, reputation and my ability to continue to act as the entity Out of Nowhere effectively. In some instances circa August 2018, new master recordings have been temporarily copyrighted under band names and licensed to Out Of Nowhere."

Applicant's evidence

16. The applicant's evidence comes from Mr Jeffrey Downton. It is dated 19 June 2019.

17. The opponent is described on its website as:

“... a burgeoning Underground House label with the sole purpose of providing dance floor cuts that make bodies move, heads nod and put hands in the air”.¹

18. Mr Downton confirms that he was approached by the opponent on 14 June 2018. He says that he then performed a “thorough search” and found no evidence of use or reputation. His incorporation at Companies House and application for a trade mark were, he states, actions taken in order to protect his rights.

19. Many of Mr Downton's exhibits are directed towards showing that there are other music businesses called “Out Of Nowhere”, and that therefore there is no monopoly over the name in the music industry. The businesses include bands based in France, the US and Iran. There is no indication that any of these businesses have customers in the UK. This evidence is not relevant for the present purposes.

20. Mr Downton also provide evidences of expenditure on the applicant's website and advertising. I shall not summarise these exhibits here but will refer to them as and where appropriate in my decision. For the present, I note that the applicant's Facebook page was created on 7 November 2017 and that an EP was released on 22 December 2017.²

¹ Appendix 6 to the applicant's counterstatement.

² Appendixes 10 and 14 respectively.

Opponent's evidence-in-reply

21. The opponent's evidence-in-reply comes from Mr Illing and is dated 26 September 2019. He provides further examples of Facebook posts, four invoices for costs incurred (2 of which are dated 2018) and information on his Facebook advertising. I shall refer to these exhibits as and where appropriate in my decision.

DECISION

22. Section 5(4)(a) of the Act is as follows:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule or law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) [...]

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

23. It is settled law that for a successful finding of passing off, three factors must be present: goodwill, misrepresentation and damage. Her Honour Judge Melissa Clarke, sitting as deputy Judge of the High Court, conveniently summarised the essential requirements of the law in *Jadebay Limited, Noa and Nani Limited (trading as The Discount Outlet) v Clarke-Coles Limited (trading as Feel Good UK)* [2017] EWHC 1400 IPEC:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the Jif Lemon case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL) namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the

misrepresentation. The burden is on the Claimants to satisfy me of all these limbs.

56. In relation to deception, the court must assess whether ‘a *substantial number*’ of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

24. The relevant date for assessing a section 5(4)(a) claim has been discussed by Mr Daniel Alexander QC, sitting as the Appointed Person, in *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11. In this decision, he quoted with approval the following summary of the position provided by the Hearing Officer, Mr Allan James, in *SWORDERS TM*, BL O-212-06:

“... Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.”³

25. In his witness statement, Mr Downton does not confirm when he began to use the mark. However, as I have noted above in paragraph 20, the Facebook page was created in November 2017 and an EP was released in December of that year. I shall therefore consider what the position would have been in November and December 2017, and then assess whether the position would have been any different at the date of application: 16 June 2018.

³ Paragraph 148.

Goodwill

26. The concept of goodwill was considered by the House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantages of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has the power of attraction sufficient to bring customers home to the source from which it emanates.”

27. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J stated

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

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

must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

28. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat), Floyd J (as he then was) stated that:

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

29. A further point is worth noting at this stage. It is necessary to show custom in the UK, as Lord Neuberger stated in *Starbucks (HK) Limited and another v British Sky Broadcasting Group PLC and others* [2015] UKSC 31:

“... I consider that we should reaffirm that the law is that a claimant in a passing off claim must establish that it has actual goodwill in this jurisdiction, and that such goodwill involves the presence of clients or customers in the jurisdiction for the products or services in question. And, where the claimant’s business is abroad, people who are in the jurisdiction, but who are not customers of the claimant in the jurisdiction, will not do, even if they are customers of the claimant when they go abroad.”⁵

⁴ Paragraph 8.
⁵ Paragraph 47.

30. While the opponent has provided a list of releases on the record label and information on amounts spent in advertising his goods and services, he has not supplied any information on sales, or even customers, in the UK. There are, for example, no figures to show the number of times that tracks had been streamed or videos viewed online. Mr Illing states that music on the Out of Nowhere label has been played on the radio in the US and Germany; he does not mention the UK.⁶

31. Might the evidence of advertising via Facebook be sufficient? Mr Illing stresses that Facebook is the main way that he promotes his business and he has provided brief details of the reach of his advertising on this platform: 521,981 in October to December 2016, 158,030 in January to March 2017, 278,391 in April to June 2017, 2,406 in July to September 2017, 17,091 in October to December 2017, 180,756 in January to March 2018, and 143,754 in April to June 2018.⁷ The locations of the users who saw this advertising are not stated.

32. In *Starbucks*, Lord Neuberger pondered whether “public advertising with an actual and publicised imminent intention to market, coupled with a reputation thereby established may be sufficient to generate a protectable goodwill”.⁸ However, he declined to rule on that point. Pre-launch publicity appears to have been accepted as sufficient to create an actionable goodwill in the cases of *Allen v Brown Watson* [1965] RPC 191 and *BBC v Talbot* [1981] FSR 228. It might be thought, then, that evidence of publicity is sufficient, even without any evidence that this was followed by sales, streaming or viewing of the opponent’s products. However, as explained in paragraph 3-071 of Wadlow’s *The Law of Passing Off*, 5th edition, the plaintiffs in these cases had long-established businesses and goodwills in the UK. The real issue was whether their new marks had become distinctive of those businesses to their UK customers through advertising alone. Until the law is clarified, it is therefore doubtful whether a business with no evidence of sales to UK customers can establish a passing off right based solely on advertising.

⁶ See Duncan Illing’s response to the counter statement by Jeffrey Downton, paragraph 21.

⁷ Exhibit 2 P.

⁸ Paragraph 66.

33. In the absence of evidence of UK customers, I am unable to find that the opponent has protectable goodwill at November and December 2017, or at 16 June 2018, and the section 5(4)(a) claim fails.

CONCLUSION

34. The opposition has failed. The application by Out of Nowhere records Ltd may proceed to registration in respect of all the goods and services in the application.

COSTS

35. The applicant has been successful and would normally be entitled to a contribution towards its costs in line with the scale set out in Tribunal Practice Notice No. 2/2016. In these proceedings, the applicant's representatives were acting on a pro bono basis. I therefore make no award of costs.

Dated this 12th of December 2019

Clare Boucher
For the Registrar,
Comptroller-General