

Nominet UK Dispute Resolution Service

DRS 00069

Tel-Box and Saltire Investments Limited

Decision of Independent Expert

1 Parties

The Complainant is Simon James Hapeshies (trading as Tel-Box) of 44a Braemore Road, Hove, East Sussex, BN3 4HB. The Respondent is Saltire Investments Limited of St Andrews House, 37 Portland Road, Hove, East Sussex, BN3 5DQ.

2 Domain Name

The domain name in dispute is **tel-box.co.uk** ("the Domain Name")

3 Procedural Background:

A Complaint in respect of the Domain Name under Nominet UK's Dispute Resolution Service Policy ("the Policy") was received from the Complainant and forwarded to the Respondent by Nominet on 8 November 2001. A Response was received from the Respondent on 28 November 2001 to which the Complainant lodged a Reply on 12 December 2001.

The dispute was not resolved by mediation and was referred for a decision by an Independent Expert following payment by the Complainant of the required fee under cover of a letter of 28 January 2002. I was appointed as Independent Expert as of 4 February 2002 and confirmed to Nominet that I was independent of the parties and knew of no facts or circumstances that might call into question my independence in the eyes of the parties.

4 The Facts

The Complainant operates a web site at www.tel-box.com that seeks to replicate the fly posting in telephone boxes of cards for call girls, escort agencies and other "adult

entertainment”. Visitors to the site are presented with a pastiche of cards with the usual allusion to the services or entertainment available. The cards show the telephone numbers of those offering the services so that Internet users may make contact if they wish. The site also provides some links to other web sites that might be of interest to visitors.

For some four years prior to October 2001, the Complainant had an association with Mr Kenneth McGrath of the Respondent company. The Complainant was employed as a contract web designer and consultant and created web sites for two other businesses of Mr McGrath known as the Pussycat Club and Heaven-or-Hell. In September 2001 both Mr McGrath and the Complainant were appointed directors (together with a third director) of a newly formed company named The Telephone Box Company Limited (the “Company”) which was to be the vehicle for the further development and exploitation of the tel-box.com web site.

In October 2001 Mr McGrath and the Complainant fell out and the Complainant was “dismissed”. They parted company and the Complainant has since continued to operate the web site at tel-box.com.

In the meantime, the Respondent company registered the Domain Name on 7 October 2001. This resolves to a web site at www.freemembership.co.uk/ which carries the banner “Welcome to the Telephone Box Co Ltd website at www.tel-box.co.uk, an adult only Entertainment Guide for Sussex”. It has very similar features to the web site at www.tel-box.com and invites visitors to “Click on a box to view naughty telephone cards” and then call a premium line telephone number in order to contact the advertiser. Both sites use representations of red telephone boxes as icons for accessing the pages of cards.

5 The Parties’ Contentions

Complaint:

The substance of the complaint is that

- (a) the Complainant purchased the domain name tel-box.com four years ago to develop a web portal geared towards the adult industry. The basic idea of his

site was to mimic the advertising of call cards in telephone boxes, encourage the advertisers to advertise with him and stop the illegal distribution of Tel Box Cards which some members of the public find offensive. His site has been up and running with the same format and graphics for years. The Complainant has usage statistics for www.tel-box.com indicating that monthly visits to the site were between 1,290 and 2,100 over the period from December 2000 to October 2001;

- (b) for three years the Complainant designed other web sites for Mr Ken McGrath of the Respondent company who had always shown a keen interest in the telephone box concept because he is in the adult industry. In early September 2001 Mr McGrath proposed setting up a new company together to push the tel-box.com website. The Company was formed and Mr McGrath, the Respondent and a third party were appointed directors. Things soon went wrong. On 8th October 2001 Mr McGrath told the Complainant that he no longer wanted the Complainant to work on the tel-box idea and wanted him to resign from the Company. When he refused he was sacked. Mr McGrath offered to purchase the graphics, the domain name tel-box.com and the whole telephone box concept but the Complainant refused to sell;
- (c) The Respondent has registered the Domain Name and created a bad imitation of the tel-box.com site. Mr Ken McGrath has acted without any good will.

Response:

In summary, the Respondent states:

- (a) the complaint is malicious and entirely unfounded and made by a former contract employee who was dismissed for lack of performance. Evidence of malice is the fact that after he was dismissed the Complainant used his access passwords to destroy the two other websites that he had designed and developed for the Respondent. The Complainant also sent a vulgar and abusive email to the Respondent on 15 November 2001 criticising the Respondent's new websites. The Respondent does not dispute that the Complainant is the legal owner of tel-box.com but claims that this was one of a number of speculative domain name purchases which he has made;

- (b) the www.tel-box.com site has never traded or been commercially or usefully active. It previously existed in a quite different graphical format and the one that exists today reflects Mr McGrath's development of the site with the Complainant whose original intent was to provide a guide to London and all other areas. The original site contained a large amount of London based information which was obsolete so that it was effectively only a demonstration site for four years. The graphical make-up of his index page was a selection of telephone boxes, categorized by London area;
- (c) the Company was incorporated to develop a web guide to Sussex only and the Complainant was invited to join the venture and introduce his website and his tel-box logo as the host site in lieu of a financial investment from him;
- (d) Mr McGrath and the Complainant jointly developed the new site at www.tel-box.com on the basis that the domain name would be transferred to the Company. This arrangement was the same as applied for the Pussycat Club website where the Complainant purchased the domain name, the site was jointly developed and domain name ownership was subsequently transferred to the Respondent;
- (e) the Respondent and the other investors in the Company became dissatisfied with the Complainant's performance and failure to meet agreed deadlines and advised him of his dismissal. At the dismissal meeting, it was agreed that the Complainant would retain his name (tel-box.com) and logo but the partial development work on the joint site would remain a shared property. The Respondent had already invested substantially in computer hardware and ICSTIS approved premium rate phone lines and so registered the Domain Name to continue with the project;
- (f) in these circumstances the Respondent maintains that its registration of the Domain Name is not abusive or unfair because:
 - (i) it is not competing with the Complainant's original web site project and intends only to provide a Sussex guide;
 - (ii) it was agreed on dissolution of the joint arrangement that the joint

- development site would be a shared intellectual property;
- (iii) the Complainant does not (and could not) hold a trademark or copyright as the tel-box advertising concept is a generic one, which he shared with the Respondent in an (albeit abortive) commercial venture;
 - (iv) the Complainant does not claim even to have used tel-box.com as an active trade name or brand. The old site has never been promoted, advertised or marketed and existed only as a dormant demo site and this was a consideration in the Respondent's investment decision;
 - (v) the Complainant agreed to participate in a commercial project and encouraged the Respondent to make substantial investments but then failed himself to perform satisfactorily and withdrew his domain name from the project;
 - (vi) the Complainant shared his idea/concept with the Respondent on an agreed commercial basis and cannot retain intellectual property rights in such circumstances.

Reply:

In reply, the Complainant submits that:

- (a) www.tel-box.com is trading, commercially useful and active and is always being updated. The original site was designed for the Brighton area initially on his Brighton Belles web site and later expanded to the London area;
- (b) the Complainant invited Mr McGrath to join his venture rather than the other way round. The Complainant believed he was a shareholder of the Company jointly with the other two investors and not just a director. He was duped into this situation;
- (c) at the dismissal meeting the Complainant expressed surprise at the criticism being made of his performance since the Respondent had four years' experience of the Complainant's work and would not have contemplated joining the Complainant's business venture if he had not thought the

Complainant was up to the job. The Complainant made it quite clear to Mr McGrath that the tel-box.com domain name, logo, graphics, design and concept would be staying with the Complainant;

- (d) the Respondent had only invested some £900 in the development of the tel-box.com web site for two PCs and two premium rate telephone lines;
- (e) the Respondent has used the Complainant's telephone box logo in local newspaper advertisements and on his Pussycat Club web site;
- (f) the Respondent's registration of the Domain Name is abusive because:
 - (i) the Respondent's web site under the Domain Name is a poor imitation but has an identical name, concept and feel as the Complainant's site which has never been national but has been based in Brighton and London;
 - (ii) the Complainant did not agree to share the intellectual property of the developed tel-box.com site at the dismissal meeting;
 - (iii) the Complainant has been using Tel-Box as an active trade and brand name and it has never been a dormant demo site. It is being promoted on various search engines such as yahoo and has links from other web sites like punterlink;
 - (iv) the Respondent is attempting to compete with the Complainant and has degraded the commercial value for customers from future advertising on his web portal. The Respondent has impersonated the Complainant's web site and is trying to suffocate him out of the market;
 - (v) the Complainant withdrew the verbal offer of his domain name when he was told to resign or be sacked.

6 Discussion and Findings:

General

In order to succeed, the Complainant has to prove to the Expert on the balance of

probabilities pursuant to paragraph 2 of the Policy, first, that he has rights (as defined in paragraph 1 of the Policy) in respect of a name or mark identical or similar to the Domain Name and second, that the Domain Name, in the hands of the Respondent, is an Abusive Registration (as defined in paragraph 1 of the Policy). The definition of rights includes, but is not limited to, rights enforceable under English law.

Complainant's Rights

There is no suggestion that the Complainant has any registered trade mark right in respect of a name or mark identical or similar to the Domain Name. The Complainant makes limited claims to enforceable rights in the name TEL-BOX (effectively identical to the Domain Name) but I must do the best I can to identify whether he might have such rights on the basis of the submissions he does make.

In deciding whether the Complainant has rights in a name in the absence of registered trade mark rights, it seems to me that I have to be satisfied that the Complainant has some legal, equitable or moral title to the name such as to give rise to potentially enforceable rights such as established goodwill sufficient for a possible claim in passing off. I do not have to decide for this purpose whether the Complainant would succeed in a claim for passing off. Rather the issue is whether he has such goodwill in the name that could lead to such a claim.

The Complainant's submissions as to rights in the name come down to his assertions that he purchased the tel-box.com domain name some four years ago and that the web site at www.tel-box.com is trading, commercially useful and active and that it is always being updated. He says it has never been a dormant site and that it is being promoted on search engines and other sites. A search of the WhoIs database available through www.betterwhois.com reveals that the registrant of the domain name tel-box.com is Mr James of St Andrews House, 37 Portland Road, Hove, Sussex BN3 3DQ. Since there is no dispute between the parties I take it that this is a reference to the Complainant. The record for the domain name was created on 8 April 1999 suggesting that the name was in fact registered a little under three years ago.

There is no suggestion that the Complainant has traded under the TEL-BOX name other than through the web site. There is some evidence as to the extent of trading activity through the internet presence in terms of usage statistics indicating an average of

between 40 and 60 visits to the site per day over the period December 2000 to October 2001 with four or five pages being accessed by each visitor. There is no evidence as to how any income is generated from the site or what the turnover has been whether through revenue from the posting of the calling cards or otherwise. There is no evidence either of the extent of any promotion or advertising of the TEL-BOX name by the Complainant beyond promotion of the tel-box.com web site with search engines like yahoo and links from web sites such as punterlink.

Nevertheless, the Respondent accepts at the very least that the Complainant is the owner of the tel-box.com domain name and that there has been a web site under that name operated by the Complainant for some years. It is accepted that it was agreed at the dismissal meeting that the Complainant would retain the tel-box.com. name. There is a dispute as to how long the web site has been presented in its current form and how active it has been. The Respondent states that it was effectively dormant until the joint development work took place under the auspices of the Company from September last year. The Complainant has produced a CD containing copies of files comprising the red telephone box and other logos and maintains that their creation dates prove that he designed the logos and other graphics many months before.

The state of the evidence as to the extent of trading under the TEL-BOX name is unsatisfactory and the question as to the Complainant's rights in the name is finely balanced. The usage statistics do indicate, however, some relevant activity on the site and in my view the registration of the tel-box.com domain name in about April 1999 and the operation for some time since that date of a web site under that domain name with hits at the rate indicated does establish sufficient goodwill to give rise to rights in the name.

I therefore find on the balance of probabilities that the Complainant has proved that he has rights in respect of a name or mark which is identical or similar to the Domain Name for the purpose of the Policy.

Abusive Registration

That leaves the second limb of the requirement on the part of the Complainant. Is the Domain Name, in the hands of the Respondent, an Abusive Registration? Paragraph 1 of the Policy defines Abusive Registration as "...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.”

A non-exhaustive list of factors, which **may** be evidence that the Domain Name is an Abusive Registration is set out in paragraph 3a of the Policy. There is no suggestion that the Respondent is looking to sell or transfer the Domain Name to the Complainant or a competitor or that this is a blocking registration on the part of the Respondent. Similarly, there is no claim that the Respondent has engaged in a pattern of making Abusive Registrations or that the Respondent has given false contact details to Nominet. Accordingly, the only potentially relevant factors in paragraph 3a that might assist are as follows:

- (i) “Circumstances indicating that the Respondent has registered or otherwise acquired the Domain Name...[C] primarily for the purpose of unfairly disrupting the business of the Complainant;
- (ii) 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;”

The bulk of the parties' submissions concerned the dispute that has arisen between them following the breakdown in their relationship in October 2001 and what their respective rights are to the intellectual property in the development work that had been undertaken. An expert determination of a Complaint under the terms of the Policy cannot possibly resolve satisfactorily what is clearly a bitter argument as to the circumstances in which the parties fell out and the contractual arrangements that had been entered into in the context of the formation of the Company. The complaint procedure is not designed to determine the respective rights of the parties following their break up. All an Expert can do is to review the submissions of the parties giving due weight to their respective contentions with the assistance available from the indicative factors set down by the Policy and reach a view on the balance of probabilities as to whether the Domain Name

is an Abusive Registration in the hands of the Respondent.

The Complainant maintains that the Respondent has impersonated the Complainant's web site in an attempt to compete with the Complainant and is trying to suffocate him out of the market. He complains that the Respondent has degraded the commercial value for customers to advertise on his web portal. Nevertheless, I am not satisfied that the primary purpose of the registration of the Domain Name by the Respondent was unfairly disrupting the business of the Complainant. There is no evidence that the business has in fact been disrupted. In my view, the purpose of registration was to set up a web site so that the Respondent would have the opportunity to make use of the development work it had undertaken along with the Complainant prior to the falling out and to obtain some value from the financial investment already made in the Company. The Respondent wished to use the name TEL-BOX because it considered (rightly or wrongly) that it had at least equal rights as the Complainant to use the name.

In addition, there is no evidence of any actual confusion on the part of those visiting the web site at the Domain Name and I do not consider that the Complainant has demonstrated that the Respondent is using the Domain Name in such a way that people or businesses could have been confused into believing that the Domain Name was in any way connected with the Complainant or that the Complainant has established such extensive goodwill in the name TEL-BOX that could lead to such confusion.

By way of further assistance, a non-exhaustive list of factors that may be evidence that the Domain Name is **not** an Abusive Registration is set out at Paragraph 4 of the Policy. The factors are as follows:

- (i) "Before being informed of the Complainant's dispute, 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;
 - B been commonly known by a name or legitimately connected with a mark which is identical or similar to the Domain Name;

C made legitimate non-commercial or fair use of the Domain Name; or

(ii) the Domain Name is generic or descriptive and the Respondent is making fair use of it

It appears to be common ground that the Respondent had a web site up and running under the Domain Name in relation to what on the face of it are genuine services before the Respondent was made aware of the Complainant's dispute as to the Domain Name. The Respondent took steps to register the Domain Name once Mr McGrath had reached the view that the Company should dispense with the Complainant's services. If the Respondent's version of the circumstances surrounding the fall out with the Complainant is well founded then the Respondent will have made legitimate fair use of the Domain Name. I do not accept, however, that TEL-BOX is in sufficient general use as to be generic or descriptive of an offering of telephone box calling cards.

Taking into account the parties' submissions, their respective views on the circumstances of their falling out and the indicative factors set out in the Policy, I find on the balance of probabilities that the Complainant has failed to prove that the Domain Name, in the hands of the Respondent, is an Abusive Registration.

7 Decision:

Accordingly, I find that the dispute is not within the scope of Paragraph 2 of the Policy and determine that no action be taken in respect of the Complaint.

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Ian Lowe
15 February 2002