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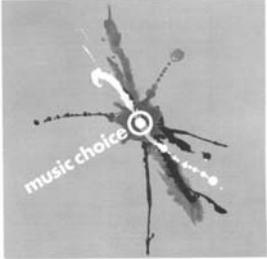
TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION Nos 81859 & 81860
BY TARGET BRANDS INC.
FOR DECLARATIONS OF INVALIDITY
IN RESPECT OF TRADE MARK Nos 2250155 & 2250189
STANDING IN THE NAME OF
MUSIC CHOICE LIMITED**

BACKGROUND

1) The registered proprietor, Music Choice Limited (hereinafter MC) has the following trade marks registered in the UK:

Mark	Number	Filing & registration dates	Class	Specification
 <p>The applicant claims the colours red and white as an element of the second mark in the series.</p>	2250155	25.10.00 & 31.08.01	9	Radio, television, video, and telephone and personal digital application apparatus; apparatus for receiving, processing, recording and/or reproducing audio, data, video, audio-visual and telephonic signals; audio, data and video recordings; pre-recorded films, compact discs, tapes; parts and fittings for all the aforesaid goods; downloadable publications and digital music; downloadable publications and digital music provided from the Internet and MP3 Internet web sites.
			38	Radio, television, video, audio and data broadcasting and transmissions; communications by telephone; subscription broadcasting and transmission; transmission and broadcasting of audio, audio-visual, data, music and entertainment programmes; delivery of digital music by telecommunications.
			41	Production of radio, data and audio-visual programmes; audio, data and visual entertainment services; music and entertainment programme services; providing digital music from the Internet and from MP3 Internet websites; operating chat rooms; provision of data, information and advice relating to music, musical events and entertainment; rental, hire and leasing of audio and audio-visual signal receiving, processing, recording and/or reproducing apparatus, radios, televisions and MP3 players.
	2250189	25.10.00 & 31.08.01	9	Radio, television, video, and telephone and personal digital application apparatus; apparatus for receiving, processing, recording and/or reproducing audio, data, video, audio-visual and telephonic signals; audio, data and video recordings; pre-recorded films, compact discs, tapes; parts

				and fittings for all the aforesaid goods; downloadable publications and digital music; downloadable publications and digital music provided from the Internet and MP3 Internet web sites.
			38	Radio, television, video, audio and data broadcasting and transmissions; communications by telephone; subscription broadcasting and transmission; transmission and broadcasting of audio, audio-visual, data, music and entertainment programmes; delivery of digital music by telecommunications.
			41	Production of radio, data and audio-visual programmes; audio, data and visual entertainment services; music and entertainment programme services; providing digital music from the Internet and from MP3 Internet websites; operating chat rooms; provision of data, information and advice relating to music, musical events and entertainment; rental, hire and leasing of audio and audio-visual signal receiving, processing, recording and/or reproducing apparatus, radios, televisions and MP3 players.

2) By applications dated 14 September 2004 Target Brands Inc.(hereinafter Target), of 1000 Nicollet Mall, TPS-3165, Minneapolis, MN 55403-2467, United States of America applied for declarations of invalidity in respect of these registrations. The grounds are, in summary:

- a) Target owns a number of trade marks which consist of, or include, a BULL'S Eye device. These include the following trade mark:

Mark	Number	Effective Date	Class	Specification
	CTM 1771237	24.07.00 Reg'd	35	Business services in the nature of assistance and advice in the establishment of retail department stores in the field of men's, women's, children's and infants' clothing and accessories, jewellery, clocks, and watches, health and beauty aids, pharmacy and prescriptions, optical supplies, cigarettes and tobacco, records and tapes, books and magazines, men's, women's, children's and infants' shoes, furniture and rugs, trees, plants and flowers, toys and athletic sporting goods, hobby and

				<p>crafts supplies and equipment, tire, battery, oil, antifreeze and automotive accessory, guns and ammunition, bedding, linens, curtains and draperies, cameras, calculators and telephones, computer hardware, software and accessories, bicycle and bicycle accessories, automotive maintenance and repair supplies and equipment, pet equipment and supplies, gift shop, house wares and tableware, radio, television and sound equipment, video recorders, video tapes and video games, tools and hardware, fishing, boating, camping and hunting equipment, garden, lawn and patio equipment and supplies, stationery, office and school supplies, small electrical appliances, electrical and plumbing maintenance and repair supplies and equipment, bakery goods, picture frames and mirrors, and Christmas trees, ornaments, decorations, lights and accessories; none of the aforesaid services being market research services; none of the aforesaid services being employment agency or personnel management consultancy services.</p>
			42	<p>Provision of food and drink; retail advisory services in the operating of retail department stores in the field of men's, women's, children's and infants' clothing and accessories, jewellery, clocks, and watches, health and beauty aids, pharmacy and prescriptions, optical supplies, cigarettes and tobacco, records and tapes, books and magazines, men's, women's, children's and infants' shoes, furniture and rugs, trees, plants and flowers, toys and athletic sporting goods, hobby and crafts supplies and equipment, tire, battery, oil, antifreeze and automotive accessories, guns and ammunition, bedding, linens, curtains and draperies, cameras, calculators and telephones, computer hardware, software and accessories, bicycle and bicycle accessories, automotive maintenance and repair supplies and equipment, pet equipment and supplies, gift shop, house wares and tableware, radio, television and sound equipment,</p>

				video recorders, video tapes and video games, tools and hardware, fishing, boating, camping and hunting equipment, garden, lawn and patio equipment and supplies, stationery, office and school supplies, small electrical appliances, electrical and plumbing maintenance and repair supplies and equipment, bakery goods, picture frames and mirrors, and Christmas trees, ornaments, decorations, lights and accessories; none of the aforesaid services being vocational consultancy services.
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b) Target owns over 1100 retail outlets in the USA selling a wide range of goods including clothing, jewellery, electric goods, DVDs, CDs, and household items. They also sell via the internet. These retail services have been offered under the Bull's Eye device since the mid 1960s. Target has built up a substantial goodwill and is a well known mark as defined by Article 6 bis of the Paris Convention. MC's marks and goods and services are similar and/or identical to Target's earlier marks and so the marks in suit offend against Section 5(2)(b), 5(3) and 5(4)(a) of the Act and should be declared invalid under Section 47(2)(a) and (b) of the Act.

c) In the alternative Target contends that MC had no bona fide intention of using the marks in suit on the full range of goods and services at the date of application. The following goods and services are those which Target claims were included in the specification in bad faith, contrary to section 3(6) of the Act and therefore invalid under section 47(1) of the Act:

Class 9: Radio, television, video and telephone and personal digital application apparatus; apparatus for receiving, processing, recording and/or reproducing audio, data, video, audio-visual and telephonic signals; pre-recorded films, compact discs, tapes; parts and fittings for all the aforesaid goods; downloadable publications; downloadable publications provided from the Internet and MP3 Internet websites.

Class 41: Operating chat rooms; rental, hire and leasing of audio and audio-visual signal receiving, processing, reproducing and/or recording apparatus, radios, televisions and MP3 players.

d) Target also alleges that MC was aware of Target's use of the Bull's Eye device when it filed its applications, as Target's mark is a famous mark under Article 6 bis of the Paris Convention. Target has had dealings with Warner Music and Sony who together formed MC. Both Warner Music and Sony have a presence on the Board of MC and therefore the trade marks were applied for in bad faith contrary to section 3(6) of the Act.

3) MC filed counterstatements denying the above grounds.

4) Both sides filed evidence in these proceedings which was also relied upon in oppositions 91600 and 91601 which are the subject of a separate decision although heavily reliant upon the contents of this decision. Both sides ask for an award of costs. Both the invalidity and oppositions came to be heard on 16 and 17 July 2007 when MC was represented by Mr Arnold of Queens Counsel instructed by Messrs Rosenblatt solicitors and Target was represented by Mr Alexander of Queen's Counsel instructed by Messrs F J Cleveland.

TARGET'S EVIDENCE

5) Target filed five witness statements. The first, dated 8 February 2005, is by Toni Dembski-Brandl the Senior Counsel and Manager of the Brand Management Program for Target Brands Inc., a wholly owned subsidiary of Target Corporation. This statement simply introduced four other witness statements by Ms Dembski-Brandl all of which are dated 22 December 2004. She states that Target Corporation uses the Bull's Eye device under licence from the applicant. This is exhibited at TDB2. Henceforth I shall refer to both companies as Target. She states that Target is a major retail business operating over 1,100 retail outlets in the USA selling a wide range of goods. She states that it offers retail services under the Bull's Eye device and has done so since the mid 1960s. She states that the device is most commonly used in red.

6) Ms Dembski-Brandl states that it is the policy of Target to destroy any documents, with a few exceptions, over two years old. She states that the material exhibited is merely a sample of that available. She states that the Bull's eye device is used on its own without the word TARGET included and it is her belief that the device element alone is a well-known mark in the UK. She provides a brief history of the mark which includes at TDB3 an image of the device element on a store in October 1966. The device consists of three black rings and two white rings, with the word TARGET written across it. She states that as at October 2003 Target had 1,189 stores in 48 of the 50 US states and employed approximately 245,000 people. The company has been in the Fortune list of the top 100 companies in the USA for the last ten years. At TDB8 she provides examples of use of the device on notepaper and business cards, although none are dated. All show use of the device as shown in Target's CTM registration. She states that Target launched its website in 1997 and since 1999 has offered on-line retail services. She also provides turnover figures that show that in 2000 the company turnover was US\$36, 603 million.

7) Ms Dembski-Brandl states that in 1968 the Bull's eye device was redesigned from five circles (three red / black, two white) to three circles (two red/black one white). Although she also states that the inner ring is not actually a ring, it is an empty space through which the background shows through. She emphasises the importance of branding to her company and states that it uses the device element in all its activities. She also provides as exhibits examples of use of the device on promotional literature and also goods such as bags, cups and soft toys. There are also examples of advertisements, both in newspapers and on television. Unfortunately all of the use appears to be in the USA. For instance, at exhibit TDB32 a box full of circulars, which were distributed throughout the USA, is provided.

8) Ms Dembski-Brandl states that Target also advertised in a number of magazines produced by travel companies and airlines which are distributed during flights. At

exhibit TDB35 she provides examples from 2003 from American Airlines, British Airways, Lufthansa and Carlson Hospitality worldwide magazine "Voyageur". All have the same advertisement which has a strapline "Jet. Set. Stop. Shop. In America. Target is your spot." Ms Dembski-Brandl also provides a number of exhibits regarding the opening of a store in New York, and also other advertising campaigns in the USA. Some of these advertisements have won awards. Other exhibits provide copies of editorial comment in American newspapers and magazines. Details are also provided about sponsorship of sport and motor racing in particular. It is stated that Target has been involved with motor sport, NASCAR, CART and Indycar, since 1990. They have also sponsored BMX cycling since 2002. Target has also sponsored music awards such as the Grammy Awards. At exhibit TDB64 are copies of the programme for these awards in 2003 and 2004. In 2002 Target also sponsored a tennis tournament. Reference is also made to the Target Center in Minneapolis which hosts sports events such as National Basketball Association games which are televised. In 2002 and 2003 they supported the Los Angeles Film Festival.

9) Ms Dembski-Brandl also refers to "product placement" in films. She makes particular reference to "Driven", "Josie and the Pussycats" and "The Experience II". She states that all featured products with the Bull's eye device. These would appear to have been released in 2001 and 2003. She states that these films were distributed throughout the European Union. An American television programme which first aired in May 2000 is also referred to and an exhibit provided. She also refers to work with international designers in shows in the USA in 2003. She also provides exhibits which relate to a collaboration with Philippe Starck in Milan in 2002. This apparently was mentioned in magazines such as *Marie Claire UK*, *Vogue UK*, *Time* and *Newsweek* amongst others in 2002.

10) At exhibit TDB81 Ms Dembski-Brandl provides a list of "affiliate" companies. In exchange for creating a link to target.com the affiliates are given a percentage of purchases from their links. She points out that the list includes UK and EU based companies. There is no date on the list nor does it state when these companies became affiliates. She states that "Target Corporation sources its range of consumer items and products to be sold in their stores from a vast number of affiliated companies based in many different countries." At exhibit TDB83 she provides a breakdown of all the affiliates world wide and the amount of goods they sold to Target. This includes UK firms. She also provides details of Target's charitable works in the USA and surveys of US consumers.

11) Ms Dembski-Brandl provides details of the history of MC and the shares ownership. She points out that Time Warner and Sony have a presence on the Board of MC and that Target was and is a significant customer of both these companies. She states that both companies must have been aware of Target's device mark. She points out that at exhibit TDB94 is a copy of MC's annual report 2002 which features the Bullseye device in a repeat pattern on the front cover and also on its own throughout the report without the use of the words "Music Choice", even the colours chosen, red and white, are the same as those used by Target. She also provides details of the Chairman, Chief Executive and two non-executive directors of MC. These indicate that the individuals were highly unlikely not to have been aware of Target's use of the Bull's eye device in the USA. At exhibit TDB103 she provides an affidavit by Erica C Street the President of Target which states that in 1998 Target decided to concentrate

on using the Bull's eye device on its own. She states that the campaign has been successful and she refers to the customer surveys in the USA which show very high rates of recognition by 2002.

12) Ms Dembski-Brandl provides copies of newspaper articles from the Times and Guardian from 2001 and 2002 which mention Target. There is also a list of television and radio stations which covered the story of the New York Boat shop launch in 2002. She also points out that Target is an associate member of the British Retail Consortium and has met with members of the organisation to discuss their efforts in improving community safety in cities. She does not state when they joined or when the discussions took place. She also refers to the applications submitted by MC to register a Bull's eye device, which have been opposed by Target in the instant case. Ms Dembski-Brandl states that she asked the internal travel department of her company to contact all the employees of Target who had travelled to the UK in recent years. They were asked if they had any experience that would suggest that Target's device is well known in the UK. The background to the question was explained. At exhibit TDB 123 she provides thirty-four witness statements from employees. Most travelled to the UK after the relevant date of 25 January 2000. The "evidence" that Target's mark is well known is highly anecdotal and was, for the most part with people engaged in the retail trade. In the opposition cases 91600 & 91601 these witness statements were filed under cover of a witness statement dated 30 September 2004 by Ian Gruselle a Trade Mark Attorney. In an additional witness statement dated 21 June 2004 he also provided copies of the US and CTM registrations relating to Target's trade marks.

13) The second witness statement, dated 14 February 2005, is by Reem Shather a trainee solicitor at Faegre & Benson LLP who act for Target. He states that he carried out research on the internet and ascertained that approximately 4.5 million US citizens visited the UK each year during the period 1997-2000, with approximately the same number of UK citizens visiting the USA each year during this period. As at 2001 it is estimated that 250,000 US citizens reside in the UK. Approximately 89% of the UK visitors to the USA engaged in some form of shopping.

14) The third witness statement, dated 14 February 2005, is by Gerald Aubrey Hobson a Partner of Faegre & Benson LLP Target's solicitors. He states that MC's device mark was created by Lambie-Nairn & Co Ltd. This company has an office in the USA, and the parent company WPP Group has a number of offices in the USA. Mr Hobson provides, at exhibit GAH4, a bundle of annual reports, accounts, press releases and print-outs from website of MC. These describe the activities of MC. From these it is clear that the core activity is the provision of music channels via digital television and a broadband music delivery service. Mr Hobson states that extensive research into the activities of MC has shown only limited use on goods in Class 9. There is no mention in any of the documents issued by MC to indicate that they intended to use the marks in suit on all the goods in Class 9. He therefore states his opinion that the application was made in bad faith. He also states that it is inconceivable that the senior management or their advertising advisers, Lambie-Nairn, were unaware of Target's Bull's eye mark and its goodwill and reputation. He also comments on how the usage made of MC's marks has changed. He regards the changes to have brought the marks and their use much closer to the device and usage

of Target's mark. He draws particular attention to MC's use of the repeating pattern which has been a feature of Target's use over a number of years.

15) The fourth witness statement, dated 15 February 2005, is by Louise Westbury Target's Trade Mark Attorney. She provides a certified copy of Target's Community Trade Mark application no 1771237.

16) The fifth witness statement, dated 11 February 2005, is by Stuart Grunsell the Creative Director and owner of Brandworks London Limited, a company which specialises in identity, rebranding, literature and direct mail, advertising, promotion and new media. He states that he has worked in the field of graphics design for fourteen years. He sets out the process of developing a new brand, which consists of researching what is currently associated with the company and any existing brand or logo. Research would then be carried out on competitors. Once the concept is agreed a search would be carried out to ensure that the concept could be registered domestically and internationally.

MC'S EVIDENCE

17) MC filed eight witness statements. The first, dated 21 April 2005, is by Sarah Wright, MC's Trade Mark Attorney. She states that the Internet website operated by Target and referred to in Ms Debski-Brandl's statement can be accessed in the UK, but that goods cannot be purchased for delivery in the UK or indeed anywhere outside the USA. At exhibit SJW-1 she provides a copy of the "Shipping Restrictions" page from Target's website which confirms this statement. She describes how she tried to place an order but could not. She also describes how she carried out a search at Companies House and also on the Data Protection Register but could find no trace of Target. She concludes that they have no presence in the UK. She also states that there are a large number of registered trade marks in Class 35 or similar with the word "Target" in them. Similarly, there are a number of registered companies in similar fields of activity to Target with company names beginning with the word "Target".

18) The second witness statement, dated 20 April 2005, is by Gary Holt the Executive Creative Director at Lambie Nairn who states that he was directly involved in creating a new brand identity for MC in 2000. He states that the current brand identity was developed from a previous design created for MC by another company. He describes the previous design as comprising "concentric rings (like a disc spinning) with a lozenge over the top, with the text "music choice" in lowercase". At exhibit GH-1 he provides an example of the previous design. He states that MC was seeking a new identity to coincide with their initial public offering (IPO) later in 2000 which would also reflect their enhanced offering. He provides numerous documents of the meetings and creative stages that the company went through before finalising on the mark in suit. He describes the logo as a "centering" device, the place from which music emanates and the place for people to go for music. He states that using all or only part of the corporate identity is common place. The decision to use only the Bull's eye device and not the paint splash in some mediums would be determined due to the lack of space. He states that whilst he was working on MC's brand he was not aware of Target's Bull's eye device. He has also spoken to other members of the team, those who were contactable, that undertook the work and they have all confirmed that they were similarly unaware of Target's logo. He states:

“22. Branding is a highly specialised industry, one in which Lambie-Nairn has excelled in since 1975. We strive to produce effective and protectable strategies and identities for our clients. To copy others’ work would jeopardise our reputation and business as well as that of the industry”.

19) The third witness statement, dated 8 April 2005, is by Gregor Pryor the head of Legal & Business Affairs of MC. He states that his company was formed in 1993 and that its business is the production and broadcast of digital audio music channels. He states that these are broadcast across 18 countries across Europe and the Middle East including the UK. The programmes in the UK are broadcast on Sky and NTL Broadband. He states that in the UK there is an on-screen indicator and that consumers who subscribe to interactive services are faced with the bull’s eye device on its own. Although he was not employed by MC at the time Mr Pryor covers the history of the new logo which is the same as that provided by other witnesses. He also provides exhibits which show the old and new logos. He points out that each of MC’s applications pre-date Target’s own application for registration by 20 and 15 months. He states that although the “paint splash” element of the mark continues to be used in certain circumstances it is not used on the digital and broadband services because of space constraints. Given the confines of these media it was felt that the logo alone was the best choice and offered the consumer an easy “button” function in interactive services.

20) Mr Pryor then moves onto deal with the allegations of bad faith. He confirms that at the time of filing the application that two of the non-executive directors of Music Choice Europe Plc (not the registered proprietor Music Choice Limited) were employed by Sony and Time Warner. He draws a distinction between the two companies even though MC is the parent company of Music Choice Europe Plc. He states that the subsidiary does not get involved in operational issues such as branding. He also points out that there is no evidence that these two non-executive directors were involved in making purchases from Target made by Sony or Time Warner. Similarly, the chairman of Music Choice Europe Plc, Mr Thomas, was not involved in branding issues. He also points out that Margot Daly was not, at that time, the CEO of Music Choice Ltd but was Chief Operating Officer of Music Choice Ltd and so did not have the final say on the branding issue, although she was involved in the discussions. He also states that he has spoken to Ms Daly who admits knowing of the Target’s brand but states that it did not occur to her during the discussions of MC’s brand. He points out that there is an American company trading as Music Choice and that there is an agreement between that company and MC to the effect that MC will not trade in the USA. As a result MC’s plans did not concern the USA. He states that Target does not have a presence in the UK or Europe.

21) Mr Pryor provides details of MC’s marketing expenditure in the UK which in 2000 was over £2 million. He provides a number of promotional items which had the device logo on them, and examples of advertising and promotional activities but these do not assist in my decision.

22) The fourth witness statement, dated 22 February 2006 by Gary Holt the Director of Holt Branding Ltd. He states that until February 2006 he worked at Lambie-Nairn and was the Creative Director for MC’s new brand identity. He states that another design agency had created an image based upon concentric rings (like a disc spinning)

with a lozenge over the top with text in the lozenge. He and his team had to ensure that the new image would work in a variety of media. The first image created by Mr Holt's team was rejected by MC although the concept was accepted. They reworked the idea and came up with the registered marks. Subsequently, Mr Holt states that he has spoken to the majority of the creative team and that they have all confirmed that they were unaware at the time of Target's mark.

23) The fifth witness statement, dated 21 February 2006, by Hilary Sarah Ellis Bourke a consultant for corporate clients seeking to purchase a corporate identity. She states that in 2000 she was employed by MC to carry out a brand audit and to assist in the purchase of a new corporate identity. She states that she was involved in the project from its inception to implementation. She states that in 2000 she was unaware of the existence of Target and also unaware of their branding. She states that she does not recall any mention of Target during the process. She has reviewed her notes from the relevant period and there is no mention of Target or its branding, other potential conflicts were recorded in her notes.

24) The sixth witness statement, dated 22 February 2006, by Jan Paula Casey a brand consultant. She states that she was the Account Director at Lambie-Nairn in 2000 for MC's branding project. She states that until just prior to this statement she had not heard of Target and was unaware of its bullseye device.

25) The seventh witness statement, dated 22 February 2006, by Oliver Smith, a partner at MC's solicitors. He exhibits the witness statement of Sarah Wright, dated 21 April 2005. Mr Smith supplements the statement of Ms Wright with his own exhibits OS1-4 which shows use of the name Target Worldwide Express and a bullseye device on both vans and a building.

26) The eighth witness statement, dated 20 February 2006, is by Margot Daly a Director and Chief Executive Officer of Music Choice Ltd a post she has held since 2003. She states that her company's business is "the production and broadcast of digital audio music channels with the embedded retail options to buy music". She states that:

"6. At the time of its foundation in 1993 and up until the time of floatation in late 2000, by various intra-group agreements Music Choice was restricted from trading in territories other than Europe and Israel.

7. In 1999 Music Choice undertook a brand audit as a result of which it decided to undergo a brand rejuvenation in order to produce a strong brand that would sit well in all the territories and across all the media it operates in. This rejuvenation was timed to coincide with the initial public offering that at that time was planned to take place in July 2000."

27) She states that Lambie-Nairn was chosen to create the new brand. She states that whilst she is an American citizen, she has lived in Europe since 1993 and have visited the USA only infrequently since this date. Her company was, until late 2000, limited to Europe and Israel and so she was focussed on this geographical area. She states that prior to leaving the USA in 1993 she was aware of the Target chain of retail stores but does not recall being aware of its use of the BULLSEYE device.

28) Regarding the rebranding she states:

“13.... I gave no directions as to design and did not get involved in the creative process over and above choosing with the other people involved in the project the 4 corporate colours from those colours presented by Lambie-Nairn”.

29) Ms Daly states that “14... The decision to re-brand and the entire process was undertaken by the management of Music Choice without any involvement from the Board of its parent company Music Choice Europe Plc (including those US citizens referred to by Target in its evidence).”

30) At exhibit MD3 she provides a copy of the design brief provided to Lambie-Nairn dated 23 May 2000. The audience is described as “anyone who cares about and listens to music”. It states that in the future this will encompass Internet consumers, and that commercial customers, the music and media business and employees all need to be considered. The existing brand is described as having a lower general awareness than it should, with a lack of consistency, with different manifestations of the brand on different platforms being blamed. Minutes of the meetings held on 2 June 2000, 26 June 2000 and 29 June 2000 between Lambie-Nairn and MC are provided at exhibit MD4. These show that on 2 June MC thought “the core logo was a little aggressive and that it leant towards a younger audience”. The colourways were different to the original colours used by MC and so it was suggested that Lambie-Nairn also reconsider these. By 29 June MC was asking for Lambie-Nairn to “consider alternative colour configurations and also look at black and a warmer red as the background colour. LN to make sure that the logo reverses white-out clearly. Currently there is insufficient contrast when reversed out of yellow. It was also felt that the property was a bit flat and could convey more energy”. Ms Daly points out that Lambie-Nairn were tasked with checking any potential conflicts with other trade marks and reported back regarding a Belgium bank which had a splash like logo. She states that it did not cross her mind to check what the situation was in the USA because the company did not and had no prospect of operating in the USA. She states that “at the time of application Music Choice was either using or had the bona fide intention to use the new trade marks in relation to the goods and services in Classes 9, 38 and 41. [I note that this statement was filed in relation to the invalidity actions and not the oppositions]

31) Ms Daly states:

“28. I had not encountered Target’s use of the BULLSEYE Device at all until in or around mid-2001 to early 2002 when I first came across Target’s use of it during a trip to New York. I can be reasonably sure about this because I brought back to the UK with me a Target bag with the BULLSEYE Device in order to show it to Simon Bell, our Marketing Director at that time. However even at that stage I was not unduly concerned because Music Choice does not trade in North America and Target does not have any stores in the United Kingdom.”

TARGET'S EVIDENCE IN REPLY

32) Target filed twelve witness statements in reply. The first witness statement, dated 21 June 2005, is by Lorna Hobbs Target's Trade Mark Attorney. She points out that whilst Target's website is accessible worldwide it is not necessarily open for the sale of goods. She states that this does not affect the reputation of Target. She states that she managed to order a gift, to be delivered in the USA from the UK.

33) The second witness statement, dated 16 June 2005, is by Jontin Hirst who describes herself as a citizen of the United Kingdom. She describes how she enjoys shopping on her many visits to the USA. She also states that if she cannot go to the USA herself she gives a list of items to her husband who shops for her on his visits to the USA. She also relates the riveting tale of her brother's wedding which took place in Texas. She recalls that friends and family in the UK were able to order goods from Target's website for delivery to Texas.

34) The third witness statement, dated 21 June 2005, is by Ms Dembski-Brandl who has already provided evidence in these proceedings. She gives her opinion that MC's mark is not a development of the previous "spinning disc" logo. She compares the business cards of "A N Other" provided as an exhibit by Mr Holt for MC and her own business card. She states that they are very similar. The fact that one has "Target" written on while the other has "Music Choice" does make a difference, although they both have a bull's eye device. She draws attention to the fact that Mr Pryor refers to the device as a "bull's eye" instead of the grammatically correct version "bull's eye". She also draws attention to the fact that Mr Pryor does not provide information on MC's future intentions in terms of use on goods in Class 9. She states that MC has a policy of use for the device element which is similar to Target's. She also notes that although the creative notion for MC was to be seen as a "centre of music" the device is referred to as a "target" in the guidelines for use of the logo.

35) The fourth witness statement, dated 2 August 2005, is by Ms Dembski-Brandl who has already provided evidence in these proceedings. She confirms that her company does not deliver goods outside the USA but states that UK residents can order from the site if delivery is to take place in the USA. She states that between 1 February 2005 and 23 June 2003, 456 items worth US\$11, 822 were ordered by people with billing addresses in the UK.

36) The fifth witness statement, dated 10 January 2006, is by Lorna Hobbs Target's Trade Mark Attorney. She provides at exhibits LSH7 & 8 witness statements by Susan D Kahn dated 21 May 2004 and 29 December 2004 and at exhibit LSH9 a witness statement by Tim May dated 29 April 2004. With regard to Ms Kahn I shall provide a cumulative summary of these two witness statements. Ms Kahn has held the positions of Manager, Director or Vice President, Investor Relations in Target for the past fifteen years and is a citizen of the USA. She states that in January 1999 she travelled to the UK to meet potential investors in her company's stock. These included firms such as, *inter alia*, *Scottish Widows*, *Scottish Equitable*, *Hill-Samuel*, *Mercury*, *British Gas*, *Schroeders*, *Royal Bank of Canada* and *Morgan Grenfell*. She states that during these presentations literature displaying the bull's eye logo was prominently displayed. In January 2001, May 2002 and October 2003 she made other trips which also took in parts of Europe.

37) Mr May is a consultant whose background is in design and business. He describes the process for the development of a new brand identity. This comprises, a strategy which becomes a design brief; the development of visual imagery, during which phase they will ensure that the end result will be an “ownable” trade mark in the sense it will be unique; and the presentation to the client. He states that early on in the process searches would be undertaken to ensure that there is no conflict with existing marks, either registered or in use. Also the target audience would be researched to ensure that the brand carries the desired associations and expresses the brand strategy.

38) The sixth witness statement, dated 23 September 2005 is by Ms Dembski-Brandl who has provided evidence previously. She comments on the role that MC had in choosing the new brand image and in particular the colour. It is also pointed out that Margot Daly was the most senior member of MC present at all the meetings with Lambie-Nairn, the design consultants. She also notes that it was MC who decided to use the bull’s eye device without the paint splash background. She repeats her views that she finds it surprising that Mr Holt and others at Lambie-Nairn had not heard of Target or its device mark. She states that the uses made of the bull’s eye mark by MC are almost direct replicas of Target’s use.

39) Ms Dembski-Brandl refers to the fact that MC’s music channels are broadcast via digital satellite and cable television. She states that a number of the channels on Sky are American. She refers back to an earlier exhibit of references to Target on American television. She also states that Target’s website is one of the most visited websites in the USA. She states that the average customer of MC’s product is “clearly more affluent and Internet savvy” and is therefore more likely to be aware of Target’s brand. She also states that the two senior managers from Sony and Time Warner who are on the Board of MC were educated and worked in the USA. She also includes copious notes on other directors of MC and its affiliates. All the notes are to the effect that the individuals would or should have been aware of Target’s brand from its use in the USA. She also repeats many of her earlier comments regarding the similarity in advertising such as sponsoring music awards and T-shirts with the bull’s eye device upon them.

40) The seventh, eighth and ninth witness statements, dated 28 March 2006 by Natalia Wilmott, 3 April 2006 by Ann Keenan and 5 April 2006 by Joanne Bain, who are all UK citizens. They state that for a number of years they have travelled to the USA and that when there they usually visit Target’s stores.

41) The tenth witness statement, dated 4 May 2006, is yet another by Ms Dembski-Brandl. She provides a list of UK addresses for customers who have ordered goods on-line during the period 1 February 2005 and 22 March 2005 which contains 4000 post codes. I believe that the period is incorrect, given her earlier statements but as this is considerably after the relevant date it is of little consequence. She also takes issue with MC’s comments that Target’s device is a target device. She states that “my company’s BULLSEYE device comprises a centre, surrounded by an empty space, surrounded by an outer ring of equal width to the empty space. It is very important to emphasise that my company does not regard its BULLSEYE device to be a “target” device. She repeats her accusations that Ms Daly must have been aware of her company’s logo.

42) The eleventh witness statement, dated 5 April 2006, is another by Ms Hobbs. She provides details of the number of e-mails sent to UK customers between February 2005 and May 2005, four years after the relevant date.

43) The twelfth witness statement, dated 18 March 2004, is by Michael David Cover a partner in Faegre Benson Hobson Audley LLP. He refers to use of the mark by Target commenting that it shows genuine use on all the goods and services as claimed. He provides exhibits MDC1-9 which show use of the mark in the USA. He also comments that originally MC's mark had a splash but now just a bull's eye.

MC'S ADDITIONAL EVIDENCE

44) By agreement of both parties MC filed two further witness statements which were admitted into the case. The first, dated 21 May 2007, is by Martin Lambie-Nairn the founder and Executive Creative Director of Lambie-Nairn. With regard to the creation of MC's trade mark he comments that the Creative Director of the mark was Gary Holt. However, in May and June 2000 Mr Holt was on paternity leave and so Mr Lambie-Nairn stepped into the role. He states that Gareth Mapp was the person in his company who came up with the initial creative ideas that formed the brand presented to MC during June 2000. He states that the core thought was that MC was to become the "centre of great music". They chose the font type as the letters "o" and "e" are both round which fitted into the overall aim. As the word "Choice" contained a letter "O" it was, he states, decided to form this into a bull's eye in the word itself. However, he states that this made the name difficult to read so the bull's eye was moved to the end of the name. The paint splash was designed to emanate from the centre of the bull's eye. He states that he and Mr Mapp spent hours throwing ink at paper to get the desired effect. He states that he had never heard of Target nor its use of a bull's eye device. He states that he was not aware of anyone discussing Target. He states that it is standard in the industry to use picture libraries in initial stages as there is at this point no budget for original artwork. Once the client was happy with the concept then an original artwork paint splash was created. At exhibit MLN1 he provides a copy of a letter from Karen Dresser to Margot Daly dated 26 July 2000 where this is explained and also seeking approval for the new created "splash".

45) The second witness statement, dated 21 May 2007, is by Gareth John Mapp, who until October 2002 was a Senior Designer at Lambie-Nairn. He describes the creative process that was gone through which resulted in the mark in suit. He states that MC was going to be the "centre of great music" and that it was looking to implement a digital interactive service using TV channels such as SKY. He states that in 2000 all such music channels were accessed by pressing the red button on the television remote control. Therefore, the red button was incorporated into the design. The colours red and blue were chosen as they are "strong, young vibrant colours" but also the red was chosen as it was synonymous with activating the digital services to be offered by MC. The paint splash was added "as an expression of passion and energy contained in music". He states that the paint splash was originally pulled from a library source and once approved as an idea an original work was created. He states that at the time he was not aware of Target or its brands. It was only when he visited New York in February 2004, for the first time, that he saw Target's bull's eye mark.

46) On 19 March 2007 a Case Management Conference (CMC) was held at which the MC sought to strike out large tracts of Target's evidence as being irrelevant, after the relevant date and unrelated to activity in the UK. I determined at the CMC that the evidence should not be struck out, rather that MC could address me on the relevance and weight that should be given to the evidence at the main hearing. At the CMC it was also agreed that both sides wished to cross examine certain of the other parties' witnesses. Target also requested further information from MC which was provided. This additional information is contained in bundle A at tab 13. For the most part it consists of letters between the two parties. It also includes, at 342b 342uu a document which was found shortly before the hearing. This document is entitled "MUSIC CHOICE EUROPE, A Leader in Digital Music Services". The document was part of an IPO package prepared by Investec dated 6 September 2000 and was to accompany the prospectus sent out to potential investors. There are three extracts which are particularly interesting. At page 342F the report states:

"The company now aims to build on its existing brand by offering interactive television web, mobile, xDSL and other relevant platform distribution throughout its core target markets. Each new platform will also enable MCE to offer an array of additional data (concert reviews, discographies, artist profiles) and a suite of revenue-generating services, including banner, streaming and flash advertising opportunities, sponsorship, tailored music sets and e-commerce (CDs, downloads, concert tickets, etc)."

At page 342R

"Carriage on iTV systems will give MCE access to home shopping revenues (through the sale of CDs, concert tickets, downloads and other music related products and services), an income source not currently tapped. It is envisaged that the interactive platform will allow consumers to stream their favourite music, receive detailed information about the artists, book upcoming tours, buy CDs and-in the case of broadband networks – download tracks. MCE intends to outsource the fulfilment process."

And at page 342S:

"The Home Shopping elements of the service will be extensive. In addition to CDs and books, viewers will be able to book tickets, bid for memorabilia, and arrange travel to overseas music venues."

Although not formally entered as evidence into the case Counsel for Target did not oppose its introduction nor MC's reliance upon it. Given that it is a clear document produced by a third party some years ago I have no hesitation on relying upon it. If the matter goes forward to appeal it may be that the technical issue of attaching the document to a witness statement is carried out.

47) Following an exchange of skeleton arguments, it became clear that Target had dropped a number of grounds and had honed others. They dropped the ground under Article 6bis from both actions. With regard to the invalidity actions the grounds under Section 5(2)(b) and 5(4)(a) were also dropped. In the opposition cases the grounds under Section 5(2)(b) and 5(4)(a) were restricted only to the services in Class 35. In

addition Target decided that it did not wish to rely upon the evidence of Ms Bain, Hirst, Keenan and Wilmott.

CROSS EXAMINATION

48) The amendments to the grounds pleaded, reduced the number of witnesses MC required to cross examine. The following witnesses were examined under oath during the hearing. All the witnesses appeared to me to be credible, truthful witnesses who did their best to answer the questions put to them in a straightforward and helpful manner. The following is a summary of the main points of their evidence.

Ms Dembski-Brandl

49) Ms Dembski-Brandl accepted that in March 2004 Target Corporation did not rely upon the bull's eye device element alone to identify its stores, despite claiming this in her earlier statements. She also accepted that the employees' statements filed by Target attesting to their experiences in the UK were based on a draft statement which they were sent by her office. It became clear that Ms Dembski-Brandl was not aware of all of the relevant circumstances surrounding the survey evidence filed and could not attest as to how those questioned were communicated with or chosen. She accepted that concentric circle devices are commonplace, and that her company would not always act against use of such a device by a third party. She agreed that when she made statements regarding bad faith she was aware that MC claimed to have paid Lambie-Nairn to design their logo, and, further, that she knew of Lambie-Nairn and that they were a well-known firm of brand consultants. Despite having read all of the witness statements filed by MC she clearly still believed that MC had copied her company's logo. She seemed to be of the opinion that due to her company's fame in the USA they would be known world wide. She also confirmed that whilst UK residents can purchase goods via the Internet, those goods would have to be delivered to somewhere within the USA.

Mr Lambie-Nairn

50) Mr Lambie-Nairn confirmed that his company is one of the leading creative branding practices in the world and that he is a leading figure in this area. He stated that the "office" in New York was closed some two years ago. It had only one person in it whilst it was open and that individual was not a designer but a business person. He confirmed that he had travelled to the USA and was, broadly, aware of what was happening in the USA, however his main focus was the UK and Europe. He confirmed that he was the lead designer involved in creating the logo for MC as Mr Holt who was the original designer for the project was away on paternity leave. He confirmed that he had worked with a young designer Mr Mapp on the project. He stated that the positioning for the client had already been agreed as "the centre of great music". He confirmed that the "Bull's eye" idea was devised by himself and Mr Mapp. They were working with a "clean sheet of paper" and were not revising/developing a previous design. It was clear from his testimony that whilst records are kept of meetings these are not exhaustive as clearly they do not all end up in dispute. The paperwork was therefore not capable of withstanding forensic examination, and it would be unrealistic to expect that it would be so capable. When questioned on whether he was influenced by the Target logo Mr Lambie-Nairn was

very emphatic that he and his firm would not sully their hard won reputation by copying someone else's work. Equally when it was suggested to him that MC might have put forward the idea of a bull's eye he was emphatic that he would not be told what to do by the client. He described that logo device as a generic symbol which means "centre", "bullseye" or "you are here".

Mr Holt

51) Mr Holt confirmed that because of his absence on paternity leave he effectively topped and tailed the logo project, whilst not actually designing the logo himself. The new logo whilst designed by Mr Lambie-Nairn and Mr Mapp was "developed" from the client's previous logo in the sense that the previous item existed and the client was looking for a change. Mr Holt stated that there had also been an idea revolving around a box which was not presented to the client and did not form part of the evidence originally filed. Again there was some confusion regarding when discussions took place and who was present, however given the passage of time and also the disruption caused by his personal life it is unsurprising that details are not fully recalled and were not recorded in minute detail. It became clear that internally the logo was referred to as a "target device".

Mr Pryor

52) Nothing of any note emerged from this cross examination.

Mr Mapp

53) Mr Mapp was quite clear in his recollection of the creative process. He stated quite clearly that the typeface was chosen first and then whilst he was on the computer he and Mr Lambie-Nairn came up with the concept of the bull's eye device. He denied that the client, Music Choice, had suggested any ideas. He also explained that the first paint splash, shown to the client was an amalgam of library pictures. Once the concept had been approved an original was then designed. This process was used as original work is very time consuming and if the client did not like the concept it would have been a large amount of wasted work.

Ms Daly

54) Ms Daly confirmed that her company has been primarily engaged in the production and broadcast of digital audio music. However, she referred to the floatation document which clearly outlined plans to operate an online retail store. She referred to the plans outlined in the floatation document and stated that the registrations were sought with regard to the anticipated areas of business that the company would move into. The actual choices regarding the classes, goods and services were carried out by the company's trade mark representatives at the time, based on the floatation document. She confirmed that branded items such as radios were given away as part of promotional activities. She confirmed that discussions took place about branding television set top boxes and also phones. She agreed that they were not anticipating being a general retail store, it would be focussed on the core activity of music, although this would encompass merchandising of all sorts. She stated that at the time of applying for the marks in question the company was

restricted to Europe and Israel and so any checking on conflict would have been restricted geographically to these areas. She reiterated that they were not allowed to trade outside Europe and Israel by agreement with a third party, which was binding at the relevant date, although subsequently was rescinded. She stated categorically that she was not aware at that time of Target or its logo device. At some point in 2001 she picked up a bag with the Target logo on it during her travels to the USA. She was concerned that if they ever tried to start up a business in the USA the Target logo would potentially be an obstacle. She states that the absence of any Target stores in the UK meant that she was relaxed about the position with regard to their registrations/ applications. The USA would be a problem in any case since they do not own the rights to the name Music Choice in the USA. Ms Daly categorically denied that she had told Lambie-Nairn that they were to design a bull's eye logo.

55) That concludes my review of the evidence. I now turn to the decision.

DECISION

56) Following the cross examinations Target withdrew the Section 3(6) ground in relation to the appropriation of the logo, although they still maintained the ground in relation to *bona fide* intention to use.

57) I will first consider the ground under Section 3(6) which reads:

“3(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

58) Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

“Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that...

(c) the application for registration of the trade mark was made in bad faith by the applicant.”

59) The Directive gives no more clue as to the meaning of “bad faith” than the Act. Subsequent case law has avoided explicit definition, but has not shirked from indicating its characteristics. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

60) The Privy Council considered earlier authorities in *Barlow Clowes International Ltd (in liquidation) & Others v Eurotrust International Limited & Others*, [2005] UKPC 37. In particular, their Lordships considered a submission from Counsel that an inquiry into the defendant's views about standards of honesty is required. The following passage from Lord Hoffman's judgment sets out the position as follows:-

“14....[Counsel for the defendant] relied upon a statement by Lord Hutton in *Twinsectra Ltd v Yardley* [2002] 2 AC 164, 174, with which the majority of their Lordships agreed:

“35. There is, in my opinion, a further consideration which supports the view that for liability as an accessory to arise the defendant must himself appreciate that what he was doing was dishonest by the standards of honest and reasonable men. A finding by a judge that a defendant has been dishonest is a grave finding, and it is particularly grave against a professional man, such as a solicitor. Notwithstanding that the issue arises in equity law and not in a criminal context, I think that it would be less than just for the law to permit a finding that a defendant had been ‘dishonest’ in assisting in a breach of trust where he knew of the facts which created the trust and its breach but had not been aware that what he was doing would be regarded by honest men as being dishonest.

“36. I consider that the courts should continue to apply that test and that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he set his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

15. Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant's mental state about the nature of the transaction in which he was participating but also into his views about generally acceptable standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to “what he knows would offend normally accepted standards of honest conduct” meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16. Similarly in the speech of Lord Hoffmann, the statement (in paragraph 20) that a dishonest state of mind meant “consciousness that one is transgressing ordinary standards of honest behaviour” was in their Lordships' view, intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also require him to have thought about those standards were.”

61) On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on MC's, and in particular Ms Daly's, state of mind, if I am satisfied that their (her) action in applying for the marks in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct.

62) Target is only pursuing its case with regard to MC's intention to use the marks applied for in relation to all of the goods and services for which they are registered. Target's position is that MC has only ever been involved in the production and broadcast of music and so at the time of application it had no bona fide intention of using the marks in suit upon all of the goods and services for which the marks are registered.

63) I was referred to the comments of Laddie J., at 863-864 in *Mercury Communications Ltd v Mercury Interactive (UK) Ltd* [1995] FSR 850 where he said:

“The power and value of a registered trade mark is not always appreciated. If a trader wishes to bring passing off proceedings he has to prove the existence of a reputation in his mark with potential customers. In the majority of cases this means that his common law rights will wither and disappear unless he continues to market and advertise his goods under the mark. Furthermore his rights are only breached if there is, or is likely to be, confusion in the marketplace which will cause him substantial damage. This should be contrasted with the rights acquired by a proprietor who registers a mark. His registration gives him a true monopoly. Subject to certain statutory defences, the proprietor will be able to restrain any trader who uses the same or a sufficiently similar mark on the goods covered by the registration. This is so even if, in the marketplace, no confusion is being caused. Indeed he will be able to sue for infringement even if he is not using his own registered trade mark (subject to it being removed if prolonged non-use is proved). Furthermore, with little effort any competently advised proprietor will be able to keep his registration in force indefinitely. It will be appreciated therefore that a trade mark registered for too wide a specification of goods may have the effect of giving the proprietor an indefinite monopoly over goods which are quite unrelated to his real trading interests.”

64) Counsel for Target contended that although the above case was in relation to the 1938 Act it was equally applicable to the 1994 Act. I do not disagree with this view. I was also referred by the applicant to the comments of Jacob J., in *Laboratoire De La Mer* TM [2002] FSR 51 where at paragraph 19 he stated:

“The decision is not particularly satisfactory (see the criticisms in Kerly's Law of Trade Marks and Trade Names (13th ed.) at para. 7-230). If it is right, however, there is simply no deterrent to applicants seeking very wide specifications of goods or services for CTMs – with all the greater potential for conflict that may give rise to. I understand that in practice OHIM are quite content to permit such very wide specifications – indeed often all the goods or services within a class are asked for and granted. The *Trillium* point will undoubtedly come up again- for it seems bizarre to allow a man to register a

mark when he has no intention whatever of using it. Why should one have to wait until five years from the date of registration before anything can be done? Whatever the width of the “umbra” of the specification, it should also be remembered that the holder’s rights to stop infringement or prevent registration of a later similar mark extend to the “penumbra” of “similar goods “ section 10(2) of the U.K. Act, Article 5(1)(b) of the Directive and Article 9(1)(b) of the Regulation). A wide umbra means there is an even wider penumbra. Other traders, with a similar mark may not go into either the umbra or penumbra, whether by use or registration.”

65) The Section 3(6) ground is pursued in relation to the following goods and services:

In Class 9: Radio, television, video, and telephone and personal digital application apparatus; apparatus for receiving, processing, recording and/or reproducing audio, data, video, audio-visual and telephonic signals; pre-recorded films, compact discs, tapes; parts and fittings for all the aforesaid goods; downloadable publications; downloadable publications provided from the Internet and MP3 Internet web sites.

In Class 41: Operating chat rooms; rental, hire and leasing of audio and audio-visual signal receiving, processing, recording and/or reproducing apparatus, radios, televisions and MP3 players.

66) MC referred me to the comments of Neuberger J. in *Knoll AG’s Trade Mark* [2003] RPC 10 at paragraphs 22 & 23 where he observed:

“ 22.....The defendant made its application by reference to the terms set out in a Class identified in the Order, and, presumably consciously, only applied for registration in respect of some of the goods in that Class. That is scarcely redolent of greed, let alone bad faith.

23. More significantly, perhaps, there is no doubt that the defendant had a firm and settled intention to use the mark in issue for goods which fell within the class claimed and granted. In the circumstances, I think it is a little difficult to describe the defendant as wanting in good faith simply because it failed to draft its application more critically or with greater precision...”

67) For Target, Counsel contended that the above case was not on all fours with the instant case. In *Knoll* the applicant applied for “pharmaceutical preparations and substances”, whereas it was alleged that they only intended to use on products for the treatment of obesity. I agree with Counsel’s view that the view of Neuberger J. in *Knoll* is absolutely correct given the circumstances of the case, but that it cannot be read too widely. In the instant case the specifications are considerably wider within each Class heading.

68) MC also contended that the evidence filed, particularly that contained in the further information showed that they did have a bona fide intention to use the marks on a full range of goods and services. At bundle A tab 13 pages 342B to 342U MC supplied a copy of a research document, dated 6 September 2000, published by

INVESTEC Bank Ltd which formed part of a prospectus for potential investors. At pages 342Q-S the future strategy is mapped out and on subsequent pages the document states that the company will be seeking to provide access to music via televisions, computers and phones. It also states that they intend to increase revenues by selling music related items such as CDs, concert tickets, books, merchandising and memorabilia. It was also clear from the cross examination of Ms Daly that MC had considered putting its logo on items such as set top boxes and televisions, and indeed already had radios produced bearing its logo, albeit only as promotional giveaways.

69) It is notoriously difficult to ascertain the mindset of an applicant at the time of filing the application. The implication behind the allegation that there is no *bona fide* intention to use the mark on all the goods and services sought to be registered is that MC is attempting to clog the Register, presumably with the sole intention of preventing others legitimately registering the same or similar marks in relation to goods and services which would not conflict with MC's true field of activity. Such a finding requires direct evidence of such a calculated attempt, such as Board minutes, internal documents and the like, or a specification which is so far removed from what might legitimately be deemed as areas of potential expansion to be verging on the ludicrous. In the instant case the specification sought, whilst quite broad, does not fall into such a category. It is quite feasible to see why the advisors would arrive at the specification submitted. To my mind it appears to have been carefully selected to refer only to areas which might reasonably interest MC in the near future. Anticipating market conditions is extremely difficult, hence the legislation provides for marks to be reduced in specification or removed altogether following a period of grace where a business can attempt to grow.

70) It was claimed that MC had no intention of using the marks in suit with regard to "retail services" or undertaking business in on-line general stores. It was also stated that in the seven years following registration MC has not so much as sold a single CD on-line. To my mind, it was clear from the evidence that MC was very serious about selling merchandising related to the artists featured on their channels. Such merchandising takes many forms and covers a wide variety of items. It is an historical fact that the rock group Kiss made almost as much money from the sales of action figures or dolls of the group as they did from sales of albums. Merchandising covers plates, cups, clocks, bedding, photographs, toys, clothing and just about anything that a name or image can be placed upon in order to make the association with the artist and hence sell the product to the more gullible of the populace. As to the fact that no sales have been made, this is not evidence of lack of bona fide intention to use, merely an indication that MC's business, the industry itself or circumstances have altered and/or conjoined so that the company has either not been able to start trading or has simply changed its mind about the area of business it wishes to concentrate upon.

71) The ground of invalidity under Section 3(6) of the Trade Marks Act therefore fails.

72) I now turn to consider the only other remaining ground of invalidity which is under section 5(3) which, in its original form, reads:

"5-(3) A trade mark which -

(a) is identical with or similar to an earlier trade mark, and

(b) is to be registered for goods or services which are not similar to those for which the earlier mark is protected,

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

73) By virtue of regulation 7 of the Trade Mark (Proof of Use, etc) Regulations 2004, Section 5(3)(b) has now been repealed. The equivalent provision in Section 10 of the Act dealing with infringement has also been amended. As the explanatory note indicates:

"These amendments implement the decision of the European Court of Justice in *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd* of 9th January 2003 (C-292/00) which was confirmed by its decision in *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* of 23rd October 2003 (C-408/01). Those decisions determined that Article 5(2) of the Directive, which on the face of it, grants a right to the proprietor of a trade mark to prevent third parties from using an identical or similar trade mark in relation to goods or services which are *not similar* where the earlier trade mark has a reputation and use of that sign takes unfair advantage or is detrimental to the distinctive character of that earlier trade mark, also applies to goods or services which are similar or identical to those for which the earlier trade mark is registered."

74) Notwithstanding the broader interpretation of Section 5(3) (Article 5(2)) that has now been confirmed by the ECJ, the applicant's claim here is based on the fact that the respective goods and services are dissimilar.

75) The scope of the Section has been considered in a number of cases notably *General Motors Corp v Yplon SA (Chevy)* [1999] ETMR 122 and [2000] RPC 572, *Premier Brands UK Limited v Typhoon Europe Limited (Typhoon)* [2000] RPC 767, *Daimler Chrysler v Alavi (Merc)* [2001] RPC 42, C.A. *Sheimer (M) Sdn Bhd's TM Application (Visa)* [2000] RPC 484 *Valucci Designs Ltd v IPC Magazines (Loaded)* O/455/00 and, more recently *Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch) and *Electrocoin Automatics Limited and Coinworld Limited and others* [2005] FSR 7.

76) This test sets out a high threshold in my view and the onus is upon the applicant in an invalidity case to prove that his trade mark enjoys a reputation or public recognition. In the present case there are obvious deficiencies in Target's evidence on this point and I am in the invidious position of having to essentially decide this issue by reference to indicative evidence.

77) Target has provided a vast volume of evidence relating to its activities in the USA. It has filed survey evidence which shows that it has a very high level of recognition amongst consumers in the USA. However, this survey is not fully detailed

and its basis has been questioned and not satisfactorily resolved by cross-examination. The survey, even if it is accepted, merely established that Target has a reputation amongst US citizens.

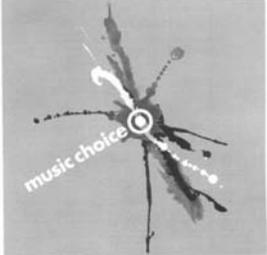
78) Target does not sell its goods in the UK either directly or through an intermediary. Whilst it does have a Internet site, the goods ordered can only be delivered to an address in the USA. Although this does not mean that it cannot still have reputation in the UK clearly the lack of economic activity in the UK does not assist in establishing that it has a reputation amongst a significant proportion of UK consumers.

79) Reference has been made to the meetings in the UK with potential investors in Target. These meetings were with those looking to invest in a company and not with actual or potential customers.

80) Mr Alexander also referred me to the evidence filed as to the number of American citizens resident in the UK, the number of visits made to the UK by USA citizens each year and also the number of visits made by UK citizens to the USA. These combined, he asserted, establish goodwill and reputation in the UK. He contended that it was inevitable, given the iconic status of Target in the USA, that from this group there would be a number of customers who have shopped at a Target store whilst in the USA and who would have knowledge of the store. I am willing to accept that there will be a number of citizens of the USA, resident in the UK who will be aware of the Target stores from their time in their native land. Equally, I accept that a percentage of UK citizens who travel to the USA will shop at or become aware of Target stores during their stay in the USA. However, Target is engaged in running discount department stores. The relevant consumers for which must be regarded as the general public. No reputation amongst the UK general public has been shown and I am being asked to infer that Target has some reputation amongst a, relatively speaking, small group of consumers. It was estimated that there are approximately 500,000 Americans living in the UK, to which must be added those UK residents who have travelled to the USA and become aware of Target's mark. I do not accept that the majority of the UK tourists would recognise the Target brand, or if they did that it would not simply "bring it to mind". Even if I were to accept all these as being aware of the brand it would still be a relatively small percentage of the UK population. In my opinion, Target has failed to get over the deliberately high threshold that "the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark" given the size of the market for the vast range of goods that they offer.

81) Taking into account the strict requirements which need to be satisfied under Section 5(3) to expand the parameters of "normal" trade mark protection I cannot find that Target has shown reputation sufficient to satisfy this section, and the ground under Section 5(3) of the Act must fail on this basis.

82) However, in case I am mistaken with regard to the reputation of Target I shall carry out the necessary comparison of the marks. For ease of reference these are shown below:

MC's marks	Target's mark
<p data-bbox="240 237 499 277">music choice </p> <p data-bbox="240 300 499 340">music choice </p> <p data-bbox="240 353 517 472">The applicant claims the colours red and white as an element of the second mark in the series.</p>	<p data-bbox="815 237 1090 293"> TARGET</p>
	

83) In carrying out the comparison I take into account the following views. In *Inlima S.L's* application [2000] RPC 661 Mr Simon Thorley QC, sitting as the Appointed Person, said:

“13..The word ‘similar’ is a relative term. One has to ask the question ‘similar for what purpose’. The question of similarity accordingly can only be answered within the context of a particular set of facts, once one has identified both the facts and the purpose for which similarity is required. In the case of section 5(3), the purpose of requiring similarity is so that the possibility of detriment or unfair advantage might arise. In any particular case, a conclusion as to whether it does arise must depend not only upon the degree of similarity but on all the other factors of the case, not least, the extent of the reputation.

14. I therefore conclude that the same global appreciation as is required for confusion under section 5(2) is likewise to be applied to the changed circumstances of section 5(3).”

84) In *Daimler Chrysler v Alavi* (the *Merc* case) [2001] RPC 42 Pumfrey J. set out, at paragraph 88, the following approach:

“In my view, the best approach is just to follow the section remembering Jacobs A.G.’s warning that it is concerned with actual effects, not risks or likelihoods. The enquiry is as follows. (1) Does the proprietor’s sign have a reputation? If so, (2) is the defendant’s sign sufficiently similar to it that the public are either deceived into the belief that the goods are associated with the proprietor so that the use of the sign takes unfair advantage of the mark, or alternatively causes detriment in their minds to either (a) the repute or (b) the distinctive character of the mark, or (3) even if they are not confused does use of the sign nonetheless have this effect, and (4) is the use complained of nonetheless with due cause.”

85) I also note the following comment from Mr Geoffrey Hobbs Q.C. (sitting as a Deputy Judge) in *Electrocoin Automatics Limited and Coinworld Limited and Others* [2005] FSR 7:

“ 102. I think it is clear that in order to be productive of advantage or detriment of the kind prescribed, ‘the link’ established in the minds of people in the market place needs to have an effect on their economic behaviour. The presence in the market place of marks and signs which call each other to mind is not, of itself, sufficient for that purpose.”

86) Finally in *Intel Corporation Inc v CPM United Kingdom Ltd* [2006] EWCH 1878 Patten J said at para 28:

“But the first step to the exploitation of the distinctive character of the earlier mark is necessarily the making of the association or link between the two marks and all that Neuberger J is, I think, saying in this passage [Premier Brands at p. 789] is that the existence of a later mark which calls to mind the earlier established mark is not sufficient to ground an objection under s.5(3) or s.10(3) unless it has one or other of the consequences specified by those provisions. It must be right that the making of the association is not necessarily to be treated as a detriment or the taking of an unfair advantage in itself and in cases of unfair advantage it is likely to be necessary to show that the making of the link between the marks had economic consequences beneficial to the user of the later mark. But in relation to detriment the position is more complicated. The association between two marks and therefore potentially between the products or services to which they relate may be detrimental to the strength and reputation of the earlier mark if it tarnishes it by association or makes it less distinctive. This is likely to take place as a consequence of the same mental process which links the two marks in the minds of consumers and is essentially a negative reaction and effect.”

87) It is widely accepted that words speak louder than devices. In the instant case both sides marks have very obvious word elements. Target’s mark would I believe be seen as the word “Target”. When used with regard to retail services this has a reasonable level of distinctiveness, although it is clear it can allude to the “targeting” of “prices”, “quality” or even “consumers”. Target’s mark also has a “bull’s eye” device. I believe that because of the word “target” this device will be seen as the “butt” or “target” and will therefore serve to echo the word mark. MC’s marks both have the words “Music Choice”. The addition of the logos do not serve to echo this as it is not clear what the “butt”, “target” or “bull’s eye” device has to do with either the words or the goods and services. Even more puzzling is the “paint splash”. This appears to be totally random and so adds to the distinctiveness of the mark. I do not believe for a minute that anyone, even a “moron in a hurry”, could regard the marks as similar, or even that one would call to mind the other.

88) It seems to me that Target has singularly failed to show that the use of the marks in suit on the goods and services which are dissimilar to its own would cause detriment. I do not believe that it will affect the consumers economic behaviour or damage Target’s mark by tarnishing or blurring. The opposition under Section 5(3) of the Act fails.

COSTS.

89) In considering costs I take into account that the instant cases were latterly run in tandem with opposition cases 91600 and 91601. Although initially run completely separately, with evidence from one being filed in the other under cover of further witness statements, eventually evidence was filed at the same time in relation to both the invalidity and opposition cases, and a single hearing held. A single request for costs with a detailed breakdown has been provided..

90) Initially, the grounds pleaded in the invalidity actions were based on Sections 3(6) under two distinct headings, 5(2)(b), 5(3), 5(4)(a) and Article 6bis. In the opposition cases the grounds pleaded were based on Section 3(6) under two distinct headings, 5(1), 5(2)(b), 5(3), 5(4)(a) and Article 6bis. Just prior to the hearing the grounds under 5(2)(b), 5(4)(a) and Article 6bis in the invalidity were withdrawn. In the opposition cases 5(2)(b), 5(4)(a) and 3(6) were honed down to relate to only the services in Class 35 and Article 6bis was withdrawn. In the opposition case the Section 5(1) ground was not mentioned in the skeleton argument or at the hearing and, although not dropped, it was accepted that the Section 5(3) did not add anything and could not succeed if the Section 5(2)(b) and 5(4)(a) grounds were not successful.

91) Following the cross examination stage of the hearing one of the aspects of its 3(6) case, relating to appropriation of the logo, was dropped in both the invalidity and opposition actions.

92) MC has requested that actual costs be awarded and has produced detailed billings. MC contends that an award of costs off the scale is appropriate in the circumstances due to the allegations upon which the action was founded and also the manner in which the case has been subsequently conducted.

93) The main thrust of Target's case in both this invalidity and the opposition cases was based upon the section 3(6) ground. This had two distinct arms to it. Firstly, that MC was aware of Target's use of a Bull's eye device and had deliberately copied it. This was, from the outset, centred upon the American citizens in the MC management and also the non-executive Board members who represented companies which sold goods to Target. It was claimed that the Americans working for MC must have been aware of the fame of Target, presumably because they had once lived there and might have visited friends and family in the USA subsequently. However, no evidence that any of the management of MC had ever shopped at one of Target's stores or its Internet site was ever provided by Target. With regard to the charge relating to MC's Board members, these members joined the Board of MC some two years after the applications were submitted.

94) Despite evidence that MC had employed a professional company to design its logo Target still maintained that their mark had been appropriated by MC. Indeed even during cross examination, and in the face of additional witness statements from Lambie-Nairn personnel Ms Dembski-Brandl still clearly believed that MC had "stolen" her company's trade mark device.

95) Virtually all of Target's evidence was in relation to its activities in the USA. However, the Article 6bis ground was dropped just prior to the hearing. Target did not

rely upon many of the witness statements that they had filed, again only indicating this just before the hearing. They also cross examined a large number of MC's witnesses, with very little result. MC had engaged Lambie-Nairn to devise its new image and this is exactly what was contained in their statements and upheld at the hearing. I accept that some of the statements were not as clear as one might have hoped but expecting that a company will maintain records which can stand up to the level of scrutiny levelled by Target's representatives without some inconsistencies is unrealistic. The fact that MC and its management team had no input into the actual design, and that Lambie-Nairn were not aware of Target or its use of a Bull's eye device was an ever present in the evidence and was not shaken under cross examination, in fact quite the reverse as the appropriation ground under Section 3(6) was dropped after the cross examination stage.

96) In a similar vein the charge that MC had no *bona fide* intention of using its marks upon all of the goods and services sought was based on nothing other than a belief that MC were either not interested in certain goods/ services or that they had deliberately sought to register their marks in the area of activity of retail sales where Target resides. MC denied this at the outset and maintained this stance throughout. Admittedly it took them until shortly before the hearing to find a copy of the investment prospectus, but given that Target itself has a policy of only keeping papers for two years it can hardly complain if others do not maintain records in an immaculate fashion. I note that the opposition and invalidity actions began nearly three years after the prospectus was issued.

97) Reference was made to the Case Management Conference, where I refused a request by MC to redact a large amount of Target's evidence. My decision was not based on the fact that I considered the evidence to be particularly relevant, more that I felt that going through the evidence line by line with both sides putting forward their contentions as to why it should be ruled out/kept in was likely to take far more time than simply seeking general views on why I should/should not place much reliance upon it. Broadly speaking I would agree with MC that much of the evidence filed by Target did not assist me in my decision and was not relevant. In particular I note the survey evidence which was part of one of Ms Demski-Brandl's numerous statements. She was not aware of any of the details of this survey when cross examined. She was not even able to state that those questioned were not taken from a list of Target shoppers. The thirty four statements from Target employees who had visited the UK seem to have been based upon a form of words issued by either Ms Demski-Brandl or her office. They were clearly unreliable and lacking in acceptable detail, but the representatives of MC still had to consider them in detail and refute them at the hearing. The same also holds for other statements lodged by Target.

98) It is of course, not unusual for grounds to be dropped close to a hearing date, as parties revisit and marshal their best case, typically (though not always) under the eye of Counsel who usually come to proceedings "late in the day". Further, where this is obvious to experienced legal professionals on one side, it must be also to those on the other, consequently reducing the effort expended in dealing with the ground at issue. However, in this instance Counsel have been involved for some considerable time prior to the hearing and adjustments to the case could and should have been made at a much earlier stage. It seems to me that there should be some consequence in costs where grounds are abandoned late, which are known to be unsustainable.

99) MC is seeking a total of £168,358.36 which relates to both the opposition and invalidity cases. Target has opposed actual costs, maintaining that costs should be on the standard scale. I was referred to Tribunal Practice Note (TPN 2/2000) which sets out the circumstances in which an award off the scale should be made. Target denies that any of the circumstances appertain to the instant case. Target denies its evidence was particularly voluminous, stating that establishing reputation requires full evidence. Target states that the dropping of the Article 6bis ground made no difference as the evidence was relevant to other grounds. In their written submissions regarding costs Target makes much of the Case Management Conference where I decided not to strike out much of Target's evidence as requested by MC. This decision was made on the basis of saving time and money for all parties as whilst I believed that much of the evidence filed by Target was irrelevant it was quicker and cheaper for each side to make submissions on the overall nature of the evidence rather than a line by line approach as initially favoured by MC. I accept that the work carried out identifying each aspect of the evidence that was regarded as irrelevant involved some expense and was probably unnecessary and my award reflects this.

100) Target contend that little of their evidence was not relied upon, and that there was a prima facie case to be answered on the bad faith points. Target claims that the evidence of MC gave ground for further suspicion. I do not accept this contention. To my mind the fact that MC had employed a well known firm of brand consultants who stated that they designed the device element should have been enough. Even if the evidence filed suggested that the new logo was derived from the existing mark used by MC, when it was actually a new design, this was not sufficient to create further suspicion and resulted in the numerous requests for additional internal documents which MC had to supply. The suggestion that members of the Board of MC representing companies who had business dealings with Target should have been aware of Target's mark and therefore acted in bad faith was unsustainable from the start given that these company representatives joined the Board of MC some considerable time after the applications for the various marks were submitted. It was equally clear at the start of the case that Target did not have goodwill in the UK. Equally MC was barred from entry into the USA and so had no reason to consider a mark only used in the USA.

101) It is clear from TPN 2/2000 that if a ground of invalidity fails that in itself does not make it unreasonable or vexatious. However, when a party pleads a ground which from the outset has no foundation, or where in the light of the available evidence it becomes clear that the ground is untenable, yet it pursues the ground up to and/or including the hearing that such behaviour can be regarded as unreasonable.

102) In the invalidity case the Section 3(6) (appropriation), 5(3), 5(4)(a) and Article 6bis were so poorly founded as to make the running of these grounds vexatious, even though they were dropped just prior to the main hearing. The Section 3(6) (no intention to use) case whilst not vexatious at the outset should have been dropped following the filing of the prospectus.

103) In the opposition cases the Section 3(6) (appropriation), 5(3), 5(4)(a) and Article 6bis were so poorly founded as to make the running of these grounds vexatious, even though they were dropped just prior to the main hearing. The Section 3(6) (no

intention to use) case whilst not vexatious at the outset should have been dropped following the filing of the prospectus.

104) I regard Target as having commenced the case under grounds which were unreasonable and maintaining such grounds despite clear evidence to the contrary. MC has sought £168,358.36 in relation to both the opposition and invalidity cases. Clearly, some of the work undertaken by MC was required for the Section 5(1) & 5(2)(b) grounds which whilst being hopeless could not be said to be vexatious, equally the preparation work regarding the 3(6) (intention to use) grounds was reasonable, only the additional costs during the hearing in relation to this point could be said to be unreasonable. Undoubtedly, the grounds under Section 3(6), caused the majority of the work on behalf of MC. I have therefore reduced the costs by approximately 33% to reflect what I regard as work in relation to grounds which were non-vexatious when pleaded. I therefore order Target to pay Music Choice the sum of £112,000. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 24th day of September 2007

**George W Salthouse
For the Registrar,
the Comptroller-General**