TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION No. 2042246A
IN THE NAME OF IPC MEDIA LIMITED

AND IN THE MATTER OF OPPOSITION THERETO
UNDER No. 48931
BY LOADED RECORDS LIMITED

AND IN THE MATTER OF AN APPEAL
TO THE APPOINTED PERSON
BY THE APPLICANTS
AGAINST THE DECISION OF MR M. FOLEY
DATED 14 AUGUST 2001

DECISION

Background

1. Since April 1994, IPC Media Limited ("the applicants") have produced a monthly magazine called LOADED primarily aimed at a male readership aged between 20 – 35 years old. I believe the title might popularly be described as a "lads" magazine.

2. The success of the magazine caused the applicants to turn their minds to merchandising and by an application dated 23 October 1995 they applied under number 2042246 to register the trade mark LOADED for a variety of goods and services in Classes 9, 35, 41 and 42.

3. On 27 August 1998, Loaded Records Limited ("the opponents") filed notice of opposition against the application. Although a number of grounds were stated, the opponents came to rely on one ground only: that under section 5(4)(a) of the Trade Marks Act 1994 ("the TMA") the applicants' mark was liable to be prevented in use in the UK by the law of passing off. The opposition did not concern the services application in Classes 35, 41 and 42, which was subsequently divided off under number 2042246B and in the absence of opposition proceeded to registration. Following division, the opposed application in Class 9 was renumbered 2042246A.

4. The goods in Application No. 2042246A are:

> Recorded tapes, discs and cassettes; CD-ROMS, interactive CD-ROMS; computer software and computer programs; information stored in or on electronic, magnetic and/or optical means.

The Hearing Officer's Decision

5. The opposition was heard on 5 April 2001 by Mr. Mike Foley acting on behalf of the registrar of Trade Marks. After a careful and thorough review of the evidence, for the opponents' part comprising turnover and advertising figures supported by record sleeves, invoices, a discography and promotional materials, the hearing officer found that the opponents had shown at the date of the application goodwill or reputation for sound recordings in the UK through their record label LOADED, started by them in 1990. Furthermore an article in the applicants' own magazine indicated that the applicants were (contrary to a statement made by them in evidence) aware of the opponents' record label when they made the application in suit. Since the target audiences for the opponents' club dance music and the applicants' magazine were likely to coincide, use by the applicants of LOADED for sound recordings would amount to a misrepresentation that the applicants' goods were those of, or in some way connected with the opponents leading to consequent damage to the opponents' goodwill. He concluded:

> Taking all factors into account, I come to the view that the opposition under Section 5(4)(a) succeeds, but not in respect of the application in its entirety. The opponents' reputation and goodwill subsist in respect of sound recordings, be it in record, compact disc or cassette tape form, whereas the application covers goods which I would not consider to be either the same nor similar. Consequently, if the applicants file a Form TM21 within one month from the end of the appeal period to reduce their application to a specification of:
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> > Computer software and computer programs; information stored in or on electronic, magnetic and/or optical means
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> I will, in the event of no appeal, allow this application to proceed to registration. If the applicants fail to file the Form 21 within one month from the end of the appeal period, the application will be refused in its entirety.

The Appeal

6. On 10 September 2001, the applicants gave notice of appeal to an Appointed Person under section 76 of the TMA. In their notice of appeal, the applicants contended that the hearing officer erred in holding that the opposition was successful in part and so accordingly the application could not proceed to registration for the full range of goods for which registration was sought.

7. At the hearing of the appeal, the applicants were represented by Mr. Michael Edenborough, instructed by fJ Cleveland and the opponents by Mr. Thomas Mitcheson instructed by Castles. Counsel agreed that the approach I should adopt towards the appeal is as set out by Pumfrey J. in *REEF Trade Mark* [2002] RPC 387 at 393:

> Findings of primary fact will not be disturbed unless the hearing officer made an error of principle or was plainly wrong on the evidence. His inferences from the primary facts may be reconsidered, but weight will be given to his experience. No question of the exercise of discretion arises. In this way, error will be corrected, but a different appreciation will not be substituted for that of the hearing officer if he has arrived at his conclusion without error.

8. The applicants' case on appeal is that the hearing officer was plainly wrong on the evidence. He was wrong to find on the evidence that there existed at the date of application, 23 October 1995, any goodwill in the UK in the record label LOADED in respect of sound recordings. Alternatively, if any such goodwill existed, it did not extend to interactive CD-ROMS or for that matter to any non-musical recorded tapes, discs or cassettes, or CD-ROMS. As to the standard of proof expected from the opponents, Mr. Edenborough referred me to the following statement by Mr. Geoffrey Hobbs QC sitting as the Appointed Person in *WILD CHILD Trade Mark* [1998] RPC 455 at 465:

> I appreciate that the registrar is often required to act upon evidence that might be regarded as less than perfect when judged by the standards applied in High Court proceedings. However, I am not willing to regard assertions without any real substantiation as sufficient to sustain an objection to registration under section 5(4).

In the same vein, he further referred me to the comments of Pumfrey J. in *REEF Trade Mark*, supra. at 400:

> There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself [section 5(4)(a) TMA] are considerably more stringent than the enquiry under s. 11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 RPC 97 as qualified by *BALI trade Mark* [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

9. For his part, Mr. Mitcheson relied on the immediately following paragraph of Pumfrey J.'s judgment in *REEF* at 400:

> Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient

cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.

10. Mr. Mitcheson's case against the appeal is that the opponents have shown on the totality of their evidence that as at 23 October 1995 goodwill or reputation existed in the UK in the opponents' record label LOADED for sound recordings and that if the applicants were permitted to use an identical mark for what are in effect identical goods then this would be likely to lead to passing off. Mr. Mitcheson decries Mr. Edenborough's attempts to throw doubt on the veracity of the evidence given by Mr. Reid on behalf of the opponents. The appropriate place for any such challenge was at the hearing of the opposition by way of cross-examination and not on appeal.

The Evidence – Section 5(4)(a)

11. The opponents' evidence in support of the opposition consisted of a statutory declaration of Jeremy Charles Reid dated 3 June 1999. Mr. Reid is the managing director of the opponents who were incorporated in 1997. He says he and another disc jockey, Tim Jeffrey trading in partnership as LOADED founded the LOADED record label in 1990. Mr. Reid exhibits two sample record labels at JCR1 and gives "retail turnover" figures for sales of recorded discs and CDs under the mark in the UK in the years 1990 – 1995 as follows:

1990	£53,031
1991	£70,184
1992	£33,177
1993	£90,231
1994	£133,915
1995	£177,801

JCR2 contains invoices of sales under the label and JCR3 a discography of recordings available from the opponents since 1990. The recordings are listed under "Artist" and "Title" and "Year of release". Each recording has a category number. For the most part, the category numbers comprise "Load" and a sequential number, for example, "Load 4", "Load 27". It appears that 30 titles were issued in the years 1990 – 1995. JCR4 contains reviews and articles concerning recordings issued under the LOADED record label in the UK music press. As the hearing officer noted these, inter alia, confirm the years of release of several of the recordings listed in the discography at JCR3. Mr. Reid gives advertising expenditure in the UK for the period 1990 – 1995 as rising from £7,955 in 1990 to £26,670 in 1995. There is a drop in 1992 to £4,977 that corresponds to the drop in "retail turnover" in the same year. At JCR5, Mr. Reid exhibits extracts from the opponents' current (1999) web site.

12. Mr. Edenborough's first main criticism was of the invoice evidence at JCR2. He says that of the eight invoices exhibited, four are after the relevant date and four relate to export sales. Mr. Edenborough's criticism is slightly misleading because of the four invoices within the relevant period only one relates to export sales and, as Mr. Mitcheson points out, contains a charge to VAT indicating that the supply took place in the UK. In any event, the hearing

officer took note of the detailed contents of each invoice and disregarded the four later ones. By way of further criticism, Mr. Edenborough highlights that on three of the invoices payment was made to "Original Artists" and on the fourth ("Van/Export Sales for June 1995) to Acetone Ltd, not LOADED. It is clear from the invoices themselves that Mr. Reid and Mr. Jeffrey also traded in partnership as "Original Artists". The record sleeves at JCR2 suggest that this is how they styled themselves as publishers of recordings under the LOADED record label. I agree with Mr. Mitcheson that to whom the money was paid does not detract from the fact that recordings under the record label LOADED appear to have been sold in the United Kingdom in the five-year period before the relevant date.

13. Next, Mr. Edenborough used the unit prices of £1.70 - £7.89 shown in the relevant invoices and an article from JCR4 that appeared in "Echoes", it seems from the text in 1993, to challenge the turnover figures declared by Mr. Reid. The "Echoes" article says:

> Tim and J. C. [Mr. Jeffrey and Mr Reid] … came in with the first Wildchild, expecting it to sell a couple of thousand. It went on to do over six and established a healthy buzz on the label.

Mr. Edenborough also refers to an article in "Jockey Slut" (1993/4) where the writer reports that for the label LOADED: "a break even point of only 1,000 copies reflects their state of independence". Given, says Mr. Edenborough, that the average unit price shown in the invoices is about £2.00, how are the turnover figures justified? No unit numbers or other details are given. Further, Mr. Edenborough queries Mr. Reid's use of the term "retail turnover" when it is clear that the opponents supplied their recordings wholesale. Mr. Mitcheson could not confirm how the figures had been arrived at but reminded the appeal tribunal, quite correctly, that the hearing officer did not base his decision solely on the turnover figures stated by Mr. Reid but on the opponents' evidence as a whole.

14. Mr. Edenborough made a number of very detailed comments on the promotional materials in JCR4 none of which persuaded me that the hearing officer made any errors of interpretation. Mr. Foley identified the following as being particularly relevant to the opposition under section 5(4)(a):

> an introduction referring to the "birth" of LOADED in 1990.
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> an article headed Brighton Rock ["Jockey Slut"] which refers to the "up and coming label LOADED" as having been started in 1992 and includes an interview question "And dance's direction in 1994?" which would seem to date the exhibit as that year or earlier. [Mr. Edenborough accepts that the start date for the LOADED record label is wrongly stated in this article.]
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> dance sales chart from 17 to 23 June listing "Sex On The Streets" at number one, and COWBOY/LOADED as the record label.

dance sales/album chart from 22 September to 29 September 1993 listing "WILDTRAX Vol 3" as a new entry at number 3, LOADED shown as the label (confirms year of release in exhibit JCR3).

dance singles chart from The Official Music Week Charts 18 December 1993 listing "Rock the Discotheque" as a new entry at number 21, LOADED shown as the label (confirms year of release in exhibit JCR 3).

Buzz Chart for 6 to 13 October 1994 listing "Tessier Ashpool" as a new entry at number 4, LOADED PROMO shown as the label (confirms year of release in exhibit JCR3).

MIXMAG club chart for 9 to 16 September 1993 listing "My Dance" at position 12 having been in the charts for 3 weeks. LOADED shown as the label (confirms year of release given in exhibit JCR3).

Press release dated 26 June 1995 announcing the release of Best of Wildtrax and referring to the first volume as having been released in 1992.

15. Mr. Mitcheson additionally drew my attention to references to "Norman Cook" in articles at JCR4 that were published before 23 October 1995. Norman Cook is described as featuring on the "Loaded roster" as "Pizzaman". The discography at JCR3 reveals that Pizzaman was the artist on four LOADED releases during the relevant period: "Babyloop", Load 8, 1993; "Trippin On Sunshine", Load 16, 1994; "Sex On The Streets", Load 24, 1995; and "Happiness", Load 29, 1995. Mr. Cook is a well-known D.J. who for that purpose uses the name "Fat Boy Slim". In the article entitled "Brighton Rock" (1993/4), there is mention of another popular D.J. – Pete Tong from Radio One. The article states that LOADED record label "is reputedly Pete Tong's favourite".

16. It is clear to me that although valid criticisms can be made of individual items in the opponents' evidence, when viewed collectively that evidence establishes goodwill in the record label LOADED amongst music retailers and D.J.s in the UK at the date of the application in suit. I differ from the hearing officer's view that that this goodwill is unlikely to have extended to the music buying public because they are more interested in the performing artist. There are several precedents for music being defined by a label rather than the artist. Better-known examples include STAX, SUN, TAMLA MOTOWN and TWO-TONE.

17. Mr. Edenborough's alternative argument was that goodwill in the LOADED record label was limited to vinyl. He pointed to the fact that there is only one mention of any other format in the opponents' discography in JCR3 namely, "Best of Wildtrax", LoadW1CD/LP/MC [CD/long player/music cassette]. Mr. Mitcheson noted that this catalogue number is different from all the others in JCR3, which comprise "Load" and a sequential number. He says that the single specification of formats is indicative only of a classification change and

he relies on Mr. Reid's statements that the LOADED record label was used in relation to recorded discs and CDs. It seems to me that Mr. Edenborough's vinyl point is a red herring. Once the opponents have established goodwill or reputation in the record label LOADED it must extend to all formats including interactive CDs. Although four years past the relevant date, I note that the opponents' web site reminds the reader to check out the interactive area of a particular album on CD.

18. It remains to deal with two further issues raised by the applicants in their grounds of appeal. First, the applicants contended that the hearing officer failed to take into account, or to take sufficient account of the fact that no instances of confusion had ever come to light. They mention, in particular, the Phoenix Music Festival in July 1995, sponsored by the applicants. The applicants adduced no evidence of any licensing activities. Since they were not trading in sound recordings it is little wonder that there were no instances of actual confusion. Nor did the applicants provide details of their sponsorship of the Phoenix Music Festival. Indeed, the statutory declaration of Adrian Pettett, then Marketing Manager of the applicants, dated 23 December 1999, suggests that the named sponsor of the Phoenix Music Festival was IPC Magazine Ltd and not LOADED Magazine. Second, the applicants allege that the hearing officer wrongly inferred goodwill in the opponents' record label from a statement in the applicants' LOADED magazine of October 1995: "The label with the familiar name". That allegation is completely misplaced. All Mr. Foley took from the statement was that contrary to what had been said by Mr. Pettett in his declaration of 23 December 1999, the applicants were aware of the opponents' LOADED record label when they made their application for registration on 23 October 1995.

19. The applicants exhibited a copy of the opponents' company accounts to 31 March 1998 (JMN1 to statutory declaration of Jennifer Marian Noel dated 25 December 1999). Mr. Edenborough took me to the Notes to the Accounts – Transactions with Directors where it was stated:

> Mr J Reid, Mr T Jeffrey and Mr D Harris are partners in a business operating as "Original Artists" ("the partnership"). On 20 January 1998 the partnership gifted to the company certain business assets comprising goodwill, contracts (a catalogue comprising the rights to 9 albums and 33 singles) and the record intellectual property rights.

Mr. Edenborough then turned to the valuation in the Notes of Intangible Fixed Assets of Loaded Records Limited which mentions record contracts and copyrights but not goodwill. Mr. Edenborough's first point on the company accounts, which he informed me he did not intend to pursue, was that there was an assignment in gross. His second point was that the valuation of intangible fixed assets indicates that no goodwill resided in the LOADED label. In my view, no such inference can be drawn from the company accounts of the opponents. Moreover, they relate to a period well after the relevant date.

Conclusion

20. My finding is that the hearing officer, Mr. Foley, was right to conclude that the opponents had on the evidence established a prima facie case under section 5(4)(a) of the TMA in relation to "recorded tapes, discs and cassettes; CD-ROMS, interactive CD-ROMS" and that the applicants had failed to rebut that prima facie case.

21. In the result, the appeal fails. The applicants have one month to limit their specification in Class 9 to: "Computer software and computer programs; information stored in or on electronic, magnetic and/or optical means" or the application will be refused by the registrar in its entirety. Mr. Foley ordered that the applicants should pay the opponents the sum of £835 in respect of the opposition and I direct that a further sum of £835 be paid to the opponents towards the costs of this appeal, to be paid on the same basis as indicated by Mr. Foley.

Professor Ruth Annand, 22 April 2002

Mr. Michael Edenborough instructed by fJ Cleveland appeared as Counsel on behalf of IPC Media Limited

Mr. Thomas Mitcheson instructed by Castles appeared on behalf of Loaded Records Limited