

**O-335-18**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTRATION NO 2563860 IN THE NAME OF CHETAN  
PATEL IN RESPECT OF THE TRADE MARK**

**Love Music Hate Racism**

**IN CLASS 25**

**AND AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO  
UNDER NO 501644 BY LOVE MUSIC HATE RACISM LTD**

**AND**

**IN THE MATTER OF REGISTRATION NO 3221220  
FOR THE TRADE MARK**

**LOVE MUSIC HATE RACISM**

**IN THE NAME OF LOVE MUSIC HATE RACISM LTD  
AND THE OPPOSITION THERETO  
UNDER NO 410462  
BY CHETAN PATEL**

## Background and pleadings

1) Chetan Patel (“Party B”) is the proprietor of UK trade mark registration 2563860 in respect of the mark “Love Music Hate Racism” and in respect of the following list of goods:

**Class 25:** *Dresses, skirts, suits, underwear, trousers, shoes, footwear, jackets and jeans.*

2) This registration was applied for on 10 November 2010. On 3 May 2017, Love Music Hate Racism Ltd (“Party A”) applied for the registration to be declared invalid. Party A is acting on behalf of Love Music Hate Racism, an unincorporated association (“the association”) founded in 2002. The application is based upon section 47 and section 3(6) of the Trade Marks Act 1994 (“the Act”) and it is pleaded that Party B’s filing for his mark was made in bad faith. It is claimed that, at the time of filing, Party B *“knew or should have known that [Party A] used the [mark] extensively in its branding and marketing and had done so for approximately the past eight years, and that the rights to the name lay with [Party A] and not with him”*. It is further claimed that *“[a]t all material times he was only (at most) an agent or licensee of [Party A], and carried out design and manufacture work on its behalf”* and that Party B was aware that all IP rights resided with Party A.

3) It is further explained that “Love Music Hate Racism” is a slogan mark that has been used since 2002 when the association was formed and is used in respect of various anti-racism campaigns, predominantly performing arts events. It is claimed that:

- the mark is also used on a wide range of merchandise items including t-shirts and hoodies;
- Party B is a clothing and print designer who first began trading with Party A in 2008;
- Party A issued invoices to Party B’s companies for royalties relating to merchandising sold at various performing arts events and festivals and the role of Party B has, at all times, been to simply produce goods for Party A;

- Party B did not inform Party A that he intended to register the mark;
- It is not accepted commercial practice for an agent or licensee to file a trade mark in his own name without the permission from the brand owner.

3) Party B filed a counterstatement denying the claims made and asserting that Party A was aware of both the application and subsequent registration and has financially benefitted from its use by Party B. It is further cited that:

- The association unsuccessfully attempted to register the mark in 2007 but it was refused for want of distinctive character, and;
- The association's activities are in the form of a campaign and do not amount to a brand;
- As a non-profit organisation, the association is without capital or the ability to manufacture. Party B proposed to it that an entirely different business should establish a brand of "Love Music Hate Racism" goods;
- The association shared with Party B that it had failed to register the mark in 2007. Party B asserts that this is evidence that there was an open discussion about the need to register the mark;
- In 2009, at Party B expense, an agreement between himself and the association was drafted but the association refused to sign it. Party B asserts that this was because it had no registered rights to grant;
- A non-written agreement was reached between the Party B and the association in June 2009 for a clothing brand. Party B designed a logo that was "subsequently registered as a Copyright design on 19 August 2009". Party A accepts that Party B "created a version of the logo that is still used in Love Music Hate Racism";
- Party B attended events to sell the branded clothing with the full knowledge of the association who accepted contributions from the sale of goods;
- It is not correct to term the payments as "royalties" because there was no licence;
- In light of the fact that "Love Music, Hate Racism" branded clothing was being sold there was a need to register the mark;

- It was always clear from the written agreement rejected by the association in 2009 that that Party B would be prepared to assign the mark, upon request, but that this would require the association to use the mark in the course of trade, which it was not in a position to do;
- In a 2012 agreement between the Party B and the association, the latter acknowledges that “[Party B’s company] will hold the exclusive rights”;
- Despite knowing of the registration for 10 years, the association did not contest it until Clare Moseley’s appointment as a director of the association in February 2017;
- Any profits generated by the brand is down to the success of Party B’s brand and the desire of celebrities to endorse the goods of Party B and not an endorsements of the aims of the association;
- Party B’s offer to transfer the mark set out in his email to Weyman Bennet, dated 14 March 2017 is in keeping with the understanding that has always existed between himself and the association that any rights would be transferred. The transfer has not progressed because Party A has issued threats and have been producing goods carrying the mark without agreement.

4) On 27 March 2017, Party A applied to register the same mark in respect of *Clothing , footwear, headgear* in Class 25. It was published for opposition purposes on 17 July 2017 and Party B subsequently filed an opposition against the application. The grounds of this opposition are founded upon section 5(1) and section 5(2)(a) on the basis that “[t]he Class 25 goods would carry the same mark” as Party B’s registration 2563860, the subject of Party A’s invalidation proceedings.

5) Party A filed a counterstatement. It does not dispute that the respective marks and goods are identical but requests that the opposition is struck out because Party B is not the rightful owner.

6) The two sets of proceedings were subsequently consolidated.

7) Both sides filed evidence in these proceedings. This will be summarised to the extent that it is considered necessary. A Hearing took place on 28 March 2018, with Party A represented by Mr Guy Tritton of Counsel, instructed by HGF Limited. Party B represented himself and also attended the hearing for cross examination. The submissions made during the Hearing have been fully considered in reaching this decision and will be referred to as and when appropriate.

## **Evidence**

8) Party A's evidence-in-chief consists of witness statements from the following individuals:

- Clare Moseley, Company Secretary of Party A. Ms Moseley states that she is authorised to give the statement on behalf of both Party A and the association;
- Roger Huddle, "one of the co-founders of Rock Against Racism ...which was formed back in 1976" and "an enthusiastic supporter of [the association]";
- Weyman Bennett, director of Party A;
- Lee Bingham, "one of the main organisers of the first 'Love Music Hate Racism' festival in September 2002, which took place in Manchester, initiated by the Anti-Nazi League";
- Baby J, "a hip hop music producer and managing director of an Arts Council National Portfolio organisation delivering music and art activity for young people excluded from mainstream education based in Derby";
- Jonathan Thurgood, Chartered Trade Mark Attorney, Trade Mark Litigator and partner at HGF Limited, Party A's representative in these proceedings.

9) Party B provided evidence in the form of a witness statement in his own name.

10) Party A's evidence-in-reply consists of a witness statement by Paul Samuels, vice president of Atlantic Records & East West Records, A&R and a second witness statement by Mr Thurgood.

11) Party B's evidence-in-reply takes the form of a second witness statement in his own name.

### **Factual background identified in the evidence**

12) In his skeleton argument, Mr Tritton provided a helpful summary of the factual background including the following uncontested points:

- The anti-racist movement "Rock against Racism" was founded in 1976 (para 2, witness statement of Mr Huddle) and wound up in 1982 (para 5, witness statement of Mr Huddle).
- On 24 September 2002, the association was founded as an unincorporated association (para 3, witness statement of Ms Moseley). The founders were Lee Billingham, Weyman Bennett, Baby J, Paul Samuels and Mike Simons (same). Many of the individuals involved in a previous movement called "Rock against Racism" are involved in the association (para 5, witness statement of Ms Moseley).
- From when it was founded until the date of the application of Party B's mark, the association became actively involved in staging over 500 LOVE MUSIC HATE RACISM music events throughout the United Kingdom (para 5, witness statement of Ms Moseley) at which tens of thousands of people attended including many well-known international artists. The first major concert was on 1 September 2002.
- To raise monies for the association's cause, t-shirts, bags, badges and hoodies were sold bearing LOVE MUSIC HATE RACISM logo in a number of different designs. Images of such merchandise can be seen at Exhibit CM5. This slogan has been consistently used on promotional materials, online, on merchandise and on banners and posters at events (para 9, witness statement of Ms Moseley).
- Prior to Party B's involvement, the association used a number of other suppliers to him and/or his companies for merchandising (para 12, witness statement of Ms Moseley).

- Party B's first contact with the association was in October 2007. He used two companies, Honesteers Limited and Love Tees Limited, as corporate trading vehicles (para 14, witness statement of Ms Moseley).
- In December 2007, one of the association's founders, Weyman Bennett applied to register LOVE MUSIC HATE RACISM (Exhibit 1, Mr Patel's first witness statement). It was unsuccessful.
- Initially, the manufacturing arrangement was with the company of Party B's uncle who supplied printed shirts for the association's biggest carnival (Victoria Park, 2008) (para 8, witness statement of Mr Billingham).
- This led to Party B, who had broken with his uncle, approaching the association with a more ambitious proposal, aimed at expanding the association's merchandising operation including getting T-shirts into high street stores, etc. (para 9, witness statement of Billingham).
- On 15 July 2008, a meeting took place between the association and party B (para 18, witness statement of Ms Moseley). An internal note of that meeting circulated within the association (Exhibit CM15). Its content is not disputed insofar as it records that Party B was told what the association did and that they were not just a purely commercial enterprise but also wanted to get out a political message.
- Discussions ensued between the association and Party B. In an email dated 14 December 2009 (Exhibit CM16), proposals were made by the association to Party B as to the basis of the arrangements (the full email can be seen at Exhibit JMT1). In that email, the association proposed giving Party B's company, Lovetees, the exclusive rights to exploit "the LMHR brand" in retail outlets, exclusive rights to run merchandising stalls at the association's larger events and for it to be exclusive wholesale supplier to the association for national events, local groups and websites. In other areas e.g. minor events and the association's website, the association said that they would do this themselves as Party B's offer of 18% of proceeds was half of that of the association's current provider at the time.
- By reason of this, in 2009, the association proposed a legal agreement to Party B setting out the relationship between him and the association (para 9,

witness statement of Baby J). This agreement was not signed until 19 January 2012. This agreement is shown at Exhibits CM13 and BJ1. This granted Party B's company, Honestees, a 12 months exclusive right to manufacture merchandise for the association with a revenue split arrangement. It is similar in nature to an unsigned earlier agreement with one of the association's earlier merchandise providers, Blue Grape (see Exhibit CM10).

- In 2010, the association invoiced another of Party B's companies, Love Tees, for royalties (although Party B disputes whether these payments can be described as "royalties") for LMHR sales for various events (T in the Park, Leicester Mela, Nottingham Splendour – Exhibit CM12).
- On 10<sup>th</sup> November 2010, Party B applied to register the word mark LOVE MUSIC HATE RACISM for goods in Class 25.
- On 27<sup>th</sup> March 2017, Love Music Hate Racism Ltd applied to register LOVE MUSIC HATE RACISM as a mark. Mr Patel subsequently opposed that trade mark application.

13) It is disputed by Party B that:

- At the meeting that took place between LMHR and Party B on 15 July 2008 that he was told that the brand LMHR belonged to LMHR.
- At the start of the relationship between Party B and the association, Party A claims that his role was to design and manufacture products on behalf of the association, but Party B claims that the true nature of the relationship was something more.
- The internal note of the meeting of 15 July 2008 is disputed by Party B insofar as the email recorded that he had been told that the brand LMHR belonged to the association.
- In February 2017, the association claims that it discovered for the first time that Party B had registered the mark Love Music Hate Racism in 2010. This is denied by Party B.



## Cross-examination

14) Party B attended the hearing for cross examination. He was somewhat evasive often providing verbose answers where a “yes” or “no” would have sufficed. He became more impassioned when making his own points (rather than directly answering questions) which left me in no doubt that he passionately believed that his actions have been acceptable.

15) Cross-examination was allowed in respect of the following three areas:

- Whether, and on what grounds, Party B knew that the association was aware of his application to register the contested mark;
- Whether, and on what grounds, Party B knew or believed that the association consented or acquiesced to the application and/or registration of the contested mark;
- As of the date of application of the contested mark, whether or not and on what grounds Party B believed that the contested mark was his brand and/or associated with him or his business as opposed to the association.

16) Under questioning from Mr Tritton, Party B confirmed that:

- He knew that the Love Music Hate Racism movement had been going since 2002;
- His first contact with the association was in October 2007. Before that, the association sold t-shirts and other merchandise to boost income to support the Love Music Hate Racism campaign;
- He is aware that “Love Music Hate Racism” is the name of a movement intended to fight racism particularly through musical events and is a continuation of a “Rock Against Racism” movement which started in the 1970s;
- He was aware that the association had been involved in a large number of music festivals in the UK since 2002;

- by the time the parties became involved in 2007, the association had already become well known in respect of musical events and that the larger of these events such as the Victoria Park Carnival in April 2008 was attended by over 10,000;

17) Party B explained that he made a distinction between the activities of Party A in organising music events and his activities of manufacturing and selling clothing. He stated that Party A “had never done anything like this before” (sold clothing)

18) Party B explained that he provided t-shirts for the association, to be sold at the Victoria Park carnival organised by the association. The association was unable to pay for these and, therefore, Weyman Bennett proposed that Party B take over that side of the business and that from that point, it was Party B that would be controlling the trade marks and protecting them from infringements. Party B categorised the relationship with the association as more than just printing t-shirts and supplying them, but rather to expand the market for Love Music Hate Racism by getting the clothing into retail and by spreading awareness whilst also earning some money for the association. Party B stated that he was aware that the association was a charity and “I believe in [the cause]”, that he wanted to help them and raise awareness.

19) In respect of the internal email (Exhibit CM15) from “Bunny LMHR” to a number of recipients including Lee (Billingham) and Weyman (Bennett) summarising the outcomes of the initial meeting between the parties on 15 July 2008, Mr Tritton pointed out that in his written evidence, Party B made only one criticism, namely that it made no mention of the association’s trade mark application made at that time. Mr Tritton questioned Party B as to whether he agreed with its content. In response, Party B accepted that the following was correct:

- the potential for merchandising was bigger than the association could cope with;
- The association had approached Party B because it wanted to scale up its merchandising;

- The association was not purely a commercial enterprise, but what it does in terms of merchandising is get out its political message;

20) However, Party B disputed, for the first time, the comment in this email that "Lee said that LMHR and RAR trademark belongs to us". Party B explained that, from the outset, such discussions were always through Weyman Bennett. Party B confirmed to Mr Tritton that he knew of the association's own application to register the contested mark in December 2007. As a result of the failure of the association's application to register the mark, Party B stated that he told Mr Bennett that "we have got to register this trade mark" and Mr Bennett responded by saying that Party B should deal with it and pay for it. He further stated that on the day he obtained the registration he telephoned Mr Bennett to inform him.

21) Mr Tritton challenged this version of events and pointed out to Party B that there is nothing in his evidence to support his contention that the association knew that he had applied for, and was granted registration of the contested mark. Party B explained this by stating that all his dealings were with Mr Bennett and that he never replied to emails, or did business at all in writing and that, rather, their business conversations were done in person. He states further that he had no documents or emails to illustrate that the association had any knowledge of his application or of the registration of the the contested mark.

22) Party B stated that it was his view that in 2008 that despite knowing that the association had been trading for six years under the name Love Music Hate Racism, the contested mark did not belong to the association "because it is not official", however, when Mr Tritton asked did this mean that because it was not registered "it is free for grabs for anybody to register it?" Party B said that this is not so.

23) Mr Tritton took Party B back to the email where it was stated "Just Tees [Party B's corporate vehicle at the time] needs our backing and permission for using the [associations] brand." Party B's reaction was "why would I need permission" adding that he had already spoken to the association about this and that this meeting came later. He explained that when he went to the association he said to them:

"Yes, we are going to work together on this, you know. We have Love Music Hate Racism, you guys are doing all these events, fine on that side. We are going to do it on the fashion side, on the fun side of it, where there are not going to be these kids who go to EDL or go to these marches. It is going to be an awareness site. It is a totally different aspect to what you guys are doing. We are selling merch, but it is a totally different concept."

24) Mr Tritton took Party B to an email to him from Lee Billingham, dated 18 November 2009, (Exhibit BJ2.4, page 30) where Mr Billingham was chasing Party B's written proposal for an "exclusive merchandising deal" because planned activities of the association were going to expand and, as Mr Billingham states "[t]he potential for merchandising around this is huge...". Party B accepted that this reflected the fact that the association was very well-known and popular. Party B was also taken to his response to the email where he stated "We would like to have sole rights for LMHR textiles and garments" and later in the same reply "we would like a 5 year contract with a renewal clause" (pages 25 and 26 of the same exhibit). It was put to Party B that this illustrates that he was asking for the rights for five years. Party B agreed that this was so.

25) Following problems in finalising the agreement, Mr Billingham emailed Party B again stating that unless the agreement can be concluded soon, the association would be "forced to start looking for another merch partner..." (page 25, Exhibit BJ2.4). Party B accepted that he wanted to be the association's merchandising partner and, to do so, it was necessary to enter into a legal agreement with them. A subsequent email from Mr Billingham to Party B explained that the association would retain some merchandising themselves, but would like Party B to assist "in relation to the bigger stuff; retail and major events". Party B pointed out a reference to £2300 legal costs that he said related to the application for his trade mark and therefore, this is evidence that the association was aware of his application.

26) Mr Tritton took Party B to the written agreement (of 19 January 2012 shown at Exhibit BJ1) between the association and Party B's company, Honestees. This agreement included the following terms:

“Honestees will hold the exclusive rights to manufacture merchandise for LMHR at an agreed rate .... to be reviewed annually”

and

"The term of this agreement is 12 months from the date of this agreement ...."

27) Mr Tritton pointed out to Party B the tension between, on the one hand, an agreement, in 2012, to produce merchandise for a time limited to 12 months and, on the other, a registration for the mark dating back to 2010, in the name of Party B. The agreement makes no mention of a trade mark and Mr Tritton suggested to Party B that this was because the association had no knowledge of it at that time. Party B denied that they did not know.

28) Mr Tritton suggested to Party B that the agreement granted his company exclusive rights because the association believed it owned the rights to the mark. Mr Tritton challenged Party B as to why he entered an agreement where this was the natural meaning whilst knowing that he had registered the mark in his own name two years earlier. Party B's response was this was because they were working together and he did not want to disrupt the association in any way and that he had discussed all this with Mr Bennett. He counterered by stating that it was for Mr Bennett to mention the trade mark to the association, and not for him to do. It was Party B's assertion that Mr Bennett kept the existence of his registration from the association.

29) Mr Tritton challenged this assertion by pointing out that Party B made no reference to it in his witness statement and neither did Mr Bennett, nor are there any documents in evidence to suggest that there were even conversations about this. Mr Tritton suggested that Party B was making up the notion of verbal consent from Mr Bennett.

30) Mr Tritton took Party B to Exhibit CM18 where there is an email from Party B to Mr Bennett, dated 24 March 2017. Ms Moseley replies to this email and makes an offer dependent upon Party B transferring the mark to Party A. Party B replies by stating that:

“... please note that this trademark is not for sale. ... I also advise you not to produce and sell goods under this trademark and copyright design. I reiterate that the trade mark is not for sale.”

31) Mr Tritton put it to Party B that this attempt to apply leverage in the business negotiations with Party A (by using the threat of infringement of the contested mark) was Party B’s motivation for registering the mark. Party B’s response was that Mr Tritton had “got this totally wrong” and he painted a picture that included an unsubstantiated claim that he had received verbal threats from Mr Bennett and where Mr Bennett had lied to the head of Warner Brothers regarding the ownership of the mark.

32) Finally, Mr Tritton challenged Party B on his statements made in his counterstatement that the desire of celebrities to wear Love Music Hate Racism t-shirts was motivated by wanting to endorse his goods and not to endorse the fight against racism. Party B maintained this view under cross examination.

### **Legislation**

33) Section 3(6) of the Act states:

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

34) Section 3(6) has application in invalidation proceedings because of the provisions set out in Section 47, the relevant parts of which are set out below:

**47. - (1)** The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

[...]

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that-

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.

Provided that this shall not affect transactions past and closed.

35) The law in relation to section 3(6) of the Act ("bad faith") was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

"130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C- 529/07

*Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but 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": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for



example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

36) At the hearing, Party B introduced a new defence that had not previously been pleaded, namely that Mr Bennett had withheld from his witness statement that he had knowledge that Party B intended to file for registration of the contested mark, that he had known of the registration all along and that it appeared that he had not shared this knowledge with the other officers of the association.

37) In respect of this new defence, it is unacceptable for a party to invite a hearing officer to disbelieve the factual evidence of a witness without that witness having had the opportunity to respond to the challenge either by filing further written evidence or, by answering the challenge that his or her evidence is untrue in cross-examination (*EXTREME Trade Mark* BL O/161/07). Despite Party B having a number of opportunities to state his defence (in his counterstatement and in his evidence) he has raised this defence for the first time in a written skeleton argument that he presented to me and the other side at the hearing. Consequently, Mr Bennett has been deprived of the opportunity to respond to the challenge. For this reason alone, I dismiss this defence.

38) However, if I allowed Party B to introduce this late defence, it is my view that it would not have assisted his case. There is no documentary evidence that even alludes to Party B's version of events being correct. As Mr Tritton submitted, even if Mr Bennett was tardy in his written communications, as claimed by Party B, it does not explain why Party B did not mention his intentions/actions to apply to register the

mark in any written communication to Mr Bennett or anyone else in the association. I agree that absence of such written evidence originating from Party B is another factor against his defence.

39) Mr Tritton submitted that it is unbelievable that Mr Bennett could not have told anybody else in the association over the last 7 years, especially when it was such an important issue. I concur. It is clear from the evidence that the controlling minds of the association (including Mr Bennett) had discussed the importance of the association building its own “Love Music Hate Racism” brand (see, for example the email of 23 November 2009 from Trenton Birch, copied to Mr Bennett, where this was stated in strong terms). Therefore, it is clear to me that Mr Bennett was clearly aware of the association’s strong desire to retain control of its brand and for its aim to enter an agreement with Party B as a merchandising partner. In light of this desire for the association to build its own brand if, as Party B claims, Mr Bennett knew of his registration, he would not have a) allowed Party B to register the mark, or b) not hide the fact from the association, who so clearly wanted to retain the brand. Consequently, this is a further point that lends support to Party B’s defence not reflecting the true position.

40) In summary, even if I allowed Party B to run his late defence, I would have dismissed it for the lack of any supporting evidence and because of evidence suggesting that he hid the fact that he had registered the mark from the association. Further, he failed to disclose it when the opportunity presented itself (during discussions between Party B and the association regarding a merchandising agreement and when it was finally signed in 2012). To my mind this casts serious doubt as to the original intentions of Party B to apply to register the mark.

41) Returning to Party A’s case, there is evidence that the association believed that it was the owner of the mark and that Party B knew this. This is evidenced by the internal email from Mr Billingham to the other controlling minds of the association (Exhibit CM15) that records its very first meeting with Party B on 15 July 2008. In this email, Mr Billingham records that: “Lee [Billingham] said [to Party B] that LMHR and RAR trademark belong to us [the association]”. I note that Party B’s view of this was that this was not a truthful statement because the association had tried, but failed to

obtain registration of the mark, however, as Mr Tritton pointed out, it illustrates that Party B knew of the association's claim to such rights and his registration was obtained despite this. Further, it is of course, possible for a party to claim such a right based upon common law rights arising from previous use of the mark and it is not contested, that the association had made use of the mark in respect of its anti-racism campaign and merchandising relating to this.

42) Taking account of all of the above, it is evident that Party B applied to register the mark without the knowledge of the association and in his own full knowledge of the association's use of the mark and its own claim to rights in the mark.

43) Subsequent events cast light on his motives for registering the mark. When he had an opportunity to disclose to the association that he had registered the mark, namely, when he signed the agreement with the association (that made it clear that Party B's company was being given exclusive rights to manufacture merchandise for the association), he did not do so. As Mr Tritton submitted, he had no need to enter such an agreement because ownership of the mark was already with him. More latterly, where he confirmed in writing to the association that he would not sell the mark to it, he was effectively using it as a way of exerting pressure upon the association to allow him and his company to remain as its merchandise producer.

44) There are also various email exchanges discussing the nature of the merchandising agreement between the association and Party B's company, none of which suggest that Party B was entitled to the rights in the contested mark, but rather, they all suggest he was negotiating a time limited exclusive licensee agreement with the rights holder, being the association. Therefore, on the papers before me, this defence is not made out.

45) In conclusion, I find that Party B has failed to dispel the doubts in my mind regarding the relationship between himself and the association at the time he applied to register the contested mark. Party A's evidence lends support to its case that it was registered without the association's knowledge or consent. There are assertions to the contrary from Party B, but this is not supported by any evidence. He has attempted to explain this by claiming that his contact with the association was all

through one person, Mr Bennett, and that he never put anything in writing. I have dismissed this.

46) I find that Party B acted in bad faith when he applied to register the contested mark and Party A's application for a declaration of invalidity is successful.

### **Opposition**

47) Party B's opposition to Party A's application no.3221220 to register the mark LOVE MUSIC HATE RACISM is reliant upon his registration qualifying as the requisite earlier mark. As Party A has been successful in invalidating Party B's registration, it can no longer serve as the earlier mark in the opposition proceedings and, as a consequence, Party B's opposition fails in its entirety.

### **Conclusion**

48) Party B's registration no. 2563860 is invalidated and Party A's application no. 3221220 may proceed to registration.

### **COSTS**

49) Party A has been successful in both the invalidation proceedings and in the opposition proceedings and is entitled to a contribution towards its costs, according to the published scale in Tribunal Practice Notice 2/2016. Mr Tritton requested that, if I was to find for Party A, that it be allowed to consider making written submissions regarding off-scale costs. I have reflected upon this and conclude that there is nothing in this case that would warrant a departure from the normal scale. Mr Tritton did make a passing reference to the fact that Party A was a not-for-profit organisation. I note this, but the status of a party is not a factor in my consideration of costs. My considerations are based solely on the conduct of the parties during proceedings. Whilst there was an attempt by Party B, at the hearing, to introduce a new defence, I do not consider this impacted upon the costs of Party A.

50) Further, I acknowledge the seriousness of bad faith but it would be wrong to make an award of costs in every case where bad faith has been demonstrated. I am also mindful that, in my view, Party B was acting in a belief (albeit mistaken) that he was entitled to apply for his registration for merchandising goods (as distinct to the campaigning activities of the association). As such, I find that it is appropriate to make an award of costs that is consistent with the published scale.

51) Both sides filed evidence and written submissions and a hearing was held where Party A was cross examined. With this in mind, I award costs as follows:

***Invalidation***

Preparing statement and considering counterstatement	£300
Official fee	£200
Considering other side's evidence and preparing own evidence	£1100
Preparing for, and attending hearing	£1400

***Opposition***

Considering statement and preparing counterstatement	£200
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**Total: £3200**

52) I order Chetan Patel to pay Love Music Hate Racism Ltd the sum of £3200 which, in the absence of an appeal, should be paid within 14 days of the expiry of the appeal period.

**Dated this 1<sup>st</sup> day of June 2018**

**Mark Bryant  
For the Registrar,  
The Comptroller-General**