

FindLaw | Legal News & Information

Are you a legal Professional?

[Visit our professional site](#)

[Law firm marketing](#)

- [Learn About the Law](#)
- [Find a Lawyer](#)
- [FindLaw Answers](#)
- [Forms & Store](#)
- [News](#)
- [Blogs](#)

Search FindLaw

[Search](#)

8%
off

[Moccamaster KBGT 10-Cup Coffee ...](#)

~~\$349.00~~ **\$319.00** 

Apple Corps, Ltd. and Apple Computer, Inc. **Court Opinion / Judgment**

May 8, 2006

[Email This](#)

A British court rules in favor of Silicon Valley-based Apple Computer against Apple Corps, Ltd, the British company formed by the Beatles and their families, rejecting the Beatles' allegations that the iTunes Music Store violated the parties' 1991 Trademark Agreement

[Lawyers](#)

- [Apple Computer's Lawyers](#)
- [Trademark Lawyers](#)

Related Links:

- [The '91 Trademark Agreement](#)
- [The '91 Settlement Agreement](#)
- [Intellectual Property](#)
- [What is a Trademark?](#)

Neutral Citation Number: [2006] EWHC 996 (Ch)

Case No: HC03C02428

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

Royal Courts of Justice

Strand, London, WC2A 2LL

Date: 08/05/2006

Before :

MR JUSTICE MANN

Between :

APPLE CORPS LIMITED

Claimant

- and -

APPLE COMPUTER, INC

Defendant

MR. G. VOS Q.C., MR. D. ALEXANDER Q.C. and MR. R. MEADE (instructed by **Eversheds LLP**) for
the **Claimant.**

LORD GRABINER Q.C. and MR. D. TOLEDANO (instructed by **Freshfields Bruckhaus Deringer**) for the
Defendant.

Hearing dates: 29th, 30th, 31st March 2006, 3rd and 5th April 2006

Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and
that copies of this version as handed down may be treated as authentic.

.....

MR JUSTICE MANN

Mr Justice Mann :

Introduction

1. This is a claim for breach of an agreement made between the claimant and the defendant in 1991 in which they sought to arrive at an agreement as to how they would each use their respective similar marks. The claimant, whom I will call "Corps", claims that the defendant, whom I will call "Computer", has acted in breach of that agreement in circumstances arising out of the creation and operation of Computer's iTunes music download service. At this stage of the trial I am asked to determine liability only. If I determine that question in favour of Corps any damages or other financial compensation will be

determined at a separate inquiry; whether any, and if so what, injunction is necessary or appropriate will also be dealt with once liability is determined.

The Parties

2. As is widely known, Corps is the record company synonymous with the Beatles. It was incorporated as The Beatles Limited on 20th June 1963. On 4th December 1967 it changed its name to Apple Music Limited and on 9th February 1968 it changed its name again to its present name. From that time at the latest the apple mark, both in the sense of the word and as a graphic symbol, became an important part of its business. Its symbol was a sideways view of a whole apple. On 19th March 1968 the first apple trade mark was registered. Corps owned, and still owns, the rights to a large number of Beatles recordings, and extensive other rights both in relation to the Beatles and in relation to other artists. For many years its principal activity has been the continued exploitation of those rights in a variety of ways which it is not necessary for me to go into. In the course of exploiting those rights, its apple marks have been an important benefit for it. In this case Mr Geoffrey Vos QC led for Corps.
3. Computer was founded in 1976. It is the well known computer and software house. It started producing computers (the Apple I and II) at the end of the 1970s and has continued to develop computers and software ever since. While it has had nothing like the market share of Windows-based computers, its market share in the personal computer market is nonetheless significant and it has large numbers of devotees. It too has adopted apple marks, including the word "Apple" and a stylised apple with the bite taken out of it. Its own marks have been important to it in the development of its business. In this case Lord Grabiner QC led for Computer.

The Genesis of the Agreement sued on

4. From time to time, the marks of Corps and Computer created conflicts. In November 1981 they entered into an agreement concerning the use and registration of the word "Apple" and various apple logos. I do not need to set out the detailed terms of that agreement. In general terms, Computer was allowed to use its marks in relation to computer goods and services, but not use them in relation to computer equipment specifically adapted for use in the recording or reproduction of music, or in relation to operational services relating to music. It was also prevented from using its marks in relation to apparatus specifically designed and intended for synthesising music unless certain restrictions were met. Corps could use its marks in relation to sound and video recording, and reproducing apparatus and instruments, and sound and video records, but not computers and computing systems. That was how the parties divided up the product territories at the time.
5. Thus the parties co-existed for a period. However, after a few years the situation became one which was not to the liking of Computer. It started to conduct activities which Corps considered to be in breach of the agreement, and in 1989 Corps sued Computer in this jurisdiction and obtained interlocutory injunctive relief. The matter got as far as a trial, and the trial went on for over 100 days before it was settled by two agreements, namely the so-called Settlement Agreement and the Trade Mark Agreement, both dated 9th October 1991. The agreement sued on in this action is the latter of those two agreements; I shall call it the "TMA". The settlement agreement dealt with the mechanics of settlement. The TMA provided a new regime to avoid the conflict of the parties' respective marks and allotting to each party their own areas of exclusive use.

The relevant terms of the [TMA](#)

6. The [TMA](#) is dated 9th October 1991. It contains no express choice of law clause, but in 2004 I held that it was an English law agreement. The relevant parts of the recital read:

"Whereas, the context in which this Agreement arises is the parties' desire to reserve for Apple Corp's field of use for its trademarks, the record business, the Beatles, Apple Corp's catalog and artists and related material all as set forth in section 1.3 herein and to reserve for Apple Computer's field of use for its trademarks, the computer, data processing and telecommunications business as set forth in section 1.2 herein and to co-ordinate the use of their respective trademarks in such fields of use as set forth in section 4 herein."

Then there are some definitions, of which the material ones are as follows:

"1.2 'Apple Computer Field of Use' means (i) electronic goods, including but not limited to computers, microprocessors and microprocessor controlled devices, telecommunications equipment, data processing equipment, ancillary and peripheral equipment, and computer software of any kind on any medium; (ii) data processing services, data transmission services, broadcasting services, telecommunications services; (iii) ancillary services relating to any of the foregoing, including without limitation, training, education, maintenance, repair, financing and distribution; (iv) printed matter relating to any of the foregoing goods or services; and (v) promotional merchandising relating to the foregoing.

1.3 'Apple Corps Field of Use' means (i) the Apple Musical Artists; the Apple Catalog; personalities or characters which appear in or are derived from the Apple catalog; the names, likenesses, voices or musical sounds of the Apple Musical Artists; any musical works or performances of the Apple Musical Artists; (ii) any current or future creative work whose principal content is music and/or musical performances; regardless of the means by which those works are recorded, or communicated, whether tangible or intangible; (iii) promotional merchandise relating to any of the foregoing; ...

1.4 'Apple Computer Marks' means (i) any design, reproduction or other depiction of an apple, in whole or in part, except for a whole green apple or a half apple (of any color(s)); and (ii) the word 'Apple'.

1.5 'Apple Corps Marks' means (i) any design, reproduction or other depiction of an apple, in whole or in part, except a 'rainbow' or multicolour striped apple (in whole or in part) or any apple (of any color(s)) with a 'bite' removed; and (ii) the words 'Apple', and 'Zapple'."

.....

The use of those marks is regulated by the important provisions of clause 4:

"4. Rights to use Trademarks

4.1 Apple Computer shall have the exclusive worldwide right, as between the parties, to use and authorize others to use the Apple Computer Marks on or in connection with goods and services within the Apple Computer Field of Use.

4.2 Apple Corps shall have the exclusive worldwide right, as between the parties, to use and authorize others to use the Apple Corps Marks on or in connection with goods and services within the Apple Corps Field of Use.

4.3 The parties acknowledge that certain goods and services within the Apple Computer Field of Use are capable of delivering content within the Apple Corps Field of Use. In such case, even though Apple Corps shall have the exclusive right to use or authorize others to use the Apple Corps Marks on or in connection with content within subsection 1.3(i) or (ii), Apple Computers shall have the exclusive right to use or authorize others to use the Apple

Computer Marks on or in connection with goods or services within subsection 1.2 (such as software, hardware or broadcasting services) used to reproduce, run, play or otherwise deliver such content provided it shall not use or authorize others to use the Apple Computer Marks on or in connection with physical media delivering pre-recorded content within subsection 1.3(i) or (ii) (such as a compact disc of the Rolling Stones music).

4.4 Notwithstanding Section 4.2, Apple Computer shall have the right to use or authorize others to use the Apple Computer Marks on or in connection with goods within Section 1.3(ii) (but not within section 1.3(i)) which are not charged for separately (other than for costs of shipping and handling) for the bona fide purpose of training, advertising, promoting, or demonstrating the use of goods within the Apple Computer Field of Use.

4.5 Except in connection with the other party's exclusive fields of use and as otherwise provided herein, either party may use and authorize the use of its Marks on or in connection with any goods or services, except where such use causes or is likely to cause confusion with the use of the other party's Marks. No such confusion shall in any way restrict either party's exclusive rights under subsections 4.1 and 4.2.

.....

4.9 Except as provided in subsection 4.4, neither party shall use or authorize others to use their respective Marks on or in connection with the other parties' exclusive field of use hereunder."

7. As part of the overall deal reached in 1991, Computer paid to Corps a sum of over US\$26m. As will be apparent from the short description of the 1981 agreement, the [TMA](#) shifted the boundaries between the respective parties' exclusive fields of use so that Computer was entitled to a wider-ranging field of use in relation to, inter alia, equipment and delivery services. There remained, however, an important boundary line between Computer's permitted field of use and musical content – the latter was the exclusive preserve of Corps. Whether or not Computer has crossed that boundary is what lies at the heart of this action.

The dispute arises

8. In January 2001 Computer introduced iTunes software. That software was what is described as a juke box for the computer. This enabled storage of music so that it could be played back through the computer. The music to go into it was principally acquired by the user "ripping" CD tracks. In October of that year computer launched its iPod player – a small portable device for storing digitally encoded music (on a small hard disk within the machine) and playing it back through headphones. iTunes transferred music from the computer to the iPod, originally just for Computer's own Mac computers. Other software did this for Windows-based computers until iTunes for Windows was introduced. Over the four and a half years which followed the iPod has been a dramatic commercial and conceptual success. I shall have to describe the operation of iTunes in more detail below.
9. Time and technology marched on. In April 2003 Computer announced that it was going to launch the "iTunes Music Store". For several years before that time a very significant amount of popular music had been available for illicit downloading on the internet. It was illicit because the downloads infringed copyright. When such illicit downloads took place downloaders did not pay for the music that they acquired. The loss to the music industry was potentially very significant. The quality of these illicit downloads was variable.
10. ITMS was introduced to provide a commercial but legitimate source for downloaded software. It was a form of electronic "shop" where music could be downloaded for a relatively small sum - 99¢ per track in the US, and 79p per track when it was introduced into the UK the next year (2004). While Computer was

not the first person to launch a site making authorised sales, it was a significant addition to the market and has proved to be enormously successful. The notional store consists of a large number of tracks held on a central server (or servers), which can be accessed over the internet and downloaded for a price. It is accessible to anyone with a computer capable of running Computer's iTunes software, which includes the majority of the personal computers in use in the world today.

11. When the ITMS was first launched it was accessed by first going to www.applemusic.com. The user was then diverted to the iTunes website, where the iTunes software could be downloaded. The store was then available through iTunes. After a few months this route was changed. Now a user gets to the iTunes website either by using the URL www.itunes.com, or via Computer's website. In the latter case there is a link (graphically in the form of a tab) which takes one to the iTunes website, or perhaps more accurately to its pages within Computer's website.
12. There are now 4.5m tracks on the site, and video content and TV programmes have recently been added. There are also a large number of audiobooks – abridged and unabridged readings of literary works. While the word "Apple" was not used in the title of the new store, it is said that "Apple" marks were, and have since been, used prominently in connection with the store. To put it at its lowest, there is no doubt that Computer associated itself very firmly with iTunes Music Store; there would have been little point in keeping the association secret. Doubtless Computer wished it to be known that the Store was indeed its venture. As part of its launch, Mr Steve Jobs, the chief executive officer of Computer, extolled its virtues, including what was said to be the competitive price for the downloaded music and the quality of its music compression standards. Again, I shall describe the operation of the store in more detail below.
13. Between November 2002 and April 2003 Computer entered into various agreements with the five major record companies (Warner, Universal, EMI, Sony and BMG) for the online delivery of content through the iTunes Music Store in the U.S. These were preparatory steps to the launch of the Store. A prototype of the Store was demonstrated to Mr Neil Aspinall, the sole executive officer of Corps, on 31st January 2003. Because he did not like the appearance, and perhaps the nature, of the product, Corps has never authorised any of its music to be sold through the Store. Computer has since added other agreements with other music providers.
14. The introduction of the ITMS caused consternation to Corps, which considered that the use of the Apple logo in relation to the store would be a breach of the TMA. In essence, it says that it is entitled to use its mark on or in connection with music content and Computer is not; and when Computer uses its mark in relation to the ITMS it is using it in connection with music content in breach of the TMA. It complains that a variety of things amount to a breach. In order to make sense of them I shall have to describe how the store operates. In what follows any recitation or description of fact should be treated as a finding of fact by me unless the contrary appears or the context indicates otherwise.

The operation of the iTunes and the ITMS

15. This point is best dealt with by reference to screen shots. The screen shots that I have used are of the latest version of iTunes, but there is no material difference between the versions that have been operating since the ITMS opened. I shall also take the opportunity of describing how one of the breaches of the agreement is said to arise because of the presence of an on-screen Apple symbol while the ITMS is on screen.
16. The iTunes software is capable of standing as a self-contained juke box, enabling the user to manage downloaded music on his or her computer. The music arrives there from a potential variety of sources – "ripping" tracks from CDs, recording from other analogue devices (which might require some intermediate software), downloading from a music site and probably other sources. iTunes is capable of importing, and then playing, files in several compressed and uncompressed formats. When in operation,

the present version of the software presents as appears in Appendix 1 to this judgment. In the top left-hand corner are the menu controls and the playing controls. In the middle there is a banner, which I shall describe separately in the next paragraph. To the right there is a search window (into which a user types search criteria in order to find a given recording) and a browse or burn control button. The left-hand vertical pane contains a list of "sources" for the music, which is listed in the larger pane to the right. The user mouse-clicks one of the entries in order to display the category of his or her choice. Thus, clicking on the "Library" will cause the software to display a list of all the recordings held in the jukebox in the central section, ordered in accordance with any of the column headings which the user chooses. The bottom five sources are sub-categories provided by iTunes (but editable) or created by the user, to which the user can allocate recordings for ease of "filing". The user can also create playlists here – particular tracks which the user wishes to gather together in one place because the user wishes to play them together. It is as though the user had created a tape or CD of those tracks. The playlist is created by dragging and dropping particular tracks on to the playlist name. When the playlist is selected then only the items appropriated to that playlist appear in the track listing section. Tracks can be allocated to more than one playlist; and all tracks remain visible in the Library source at all times. The playlists essentially contain pointers to the tracks. The three smaller boxes labelled "Genre", "Artist" and "Album" are toggled on and off by the Browse button. If they are off, the appearance is as in page 2 of Appendix 1. The various controls on the bottom of the frame do not matter for the purposes of this litigation.

17. In the centre of the top horizontal pane the word "iTunes" appears. If any of the categories in the source column are double-clicked, it changes to match that category. Below it is a panel which mimics a sort of monochrome LCD display. In it the all-important apple symbol appears – it can be seen on the screenshot. That symbol stays there until a track is played. A track is played by double-clicking it or by selecting it and clicking the "play" button in the control section. At that point the apple disappears and the identity of the track appears, together with a form of progress bar – a graphic indication of the progress of its playback. When the track is finished, the apple re-appears.
18. The music that is handled by iTunes is not confined to output on the computer. Tracks can be burned on to CD ROM in standard CD ROM format or as a series of MP3 files. That CD ROM can then be played in standalone players. When a CD is being burned the apple logo in the LCD display again disappears during the burn, and is replaced by an indication of the progress of the burn.
19. So far no objection is taken to that. The apple symbol appears within the context of the iTunes software. Corps does not complain that the apple mark, thus displayed, is being used on or in connection with "content" (The word "content" was used as a shorthand during this trial to connote head (ii) of Corps' field of use. Where convenient I shall continue to so use it for the purposes of this judgment, but I have at all times had in mind the true and full description of that head). It is what happens when the iTunes Music Store is accessed that is objectionable so far as Corps is concerned.
20. The iTunes Music Store is accessed by clicking on the "Music Store" heading in the Source column. If the computer is connected to the world wide web, then a connection is made to the store. While the connection is being established, the apple symbol at the top of the screen goes away, and a progress bar indicates the extent of the success of the connection over a brief period of time, and the text "Accessing Music Store" appears, but the symbol is restored when the connection is established. When that is achieved an opening screen appears, a sample of which appears in appendix 2. Each of the pieces of record label art is a click-through link to the track or collections in question. To the left and right of the screen are various links for getting to individual tracks or various facilities. A viewer can get to the music that he or she is looking for in a variety of ways – by searching or by clicking through links. The search box in the top right hand corner now enables a text search of the store (and its caption is changed to reflect that that is now what is being searched). Thus a search for the name of an artist will throw up a list of tracks in the main window (either the tracks of the artist or tracks of other artists where there is a reference to the first artist in associated text). Eventually the user will be presented with a screen which

looks something like appendix 3. The bottom part, listing the tracks, is not dissimilar to the main music display when iTunes is acting as a juke box, the most obvious difference being a column allowing the song to be bought. The panel above that displays various albums or tracks and can be re-sized to make more or fewer tracks visible in the lower portion. The Apple logo remains visible at all times save when the computer is communicating with the store or playing a track. A 30 second clip of all tracks can be played; when that happens the apple logo disappears and is replaced with the track artist and title, along with a progress bar, in the same manner as if the computer is playing a stored track. If the computer is communicating with the store, then the nature of the communication replaces the Apple symbol. Usually there are the words "Accessing Music Store" together with a progress bar.

21. A user has to register and set up some sort of credit mechanism in order to be able to purchase a track. A track can then be purchased by clicking a purchase button against the track in the main column. A confirmation box appears, and if the purchase is confirmed the track is then downloaded over the internet connection. While the download is taking place the apple symbol in the central display disappears again, the words "Purchasing [track name]" and then "Downloading [track name]" appear and there is a progress bar charting the progress of the download. When that has finished, then the Apple symbol is restored.
22. It is the appearance of this apple logo while the Store is on screen and being accessed that is said to be a (and indeed probably the principal) breach of the TMA. It is said that its use is a use on or in connection with musical content (ie with the creative works whose principal content is music.) Mr Vos particularly relies on the fact that the Apple logo disappears and is restored as being a factor which emphasises the connection or link with Computer.
23. One of the things relied on by Computer as demonstrating that it does not display its logo in connection with content is the fact that the store and the downloaded track contains information making it clear that Computer does not own the rights to any of the music. If one clicks on an arrow marking against an individual track in the store, the upper pane displays details of the album from which the track is taken (if it is not already displayed). That information includes a graphic representation of the album source (in the nature of an album cover or CD insert) together with some listed information about the album. Amongst that information is a line which identifies the owner of the rights in the music preceded by a "(P)" or other mark. In the store the information is not available until one has done that. If one has a listing of a number of tracks which do not themselves constitute an album (ie they are taken from more than one album) one cannot immediately see who owns the rights in any of them; one has to perform the selection operation that I have just described before one can see it. The same rights information can be made to appear once the track has been downloaded by highlighting the track and going into an "information" window where the attribution can be made to appear in the same form. That information (along with other information, such as the artwork and track information again) is encoded into the downloaded bitstream. Mr Vos makes the point that all this requires a certain amount of mouse-clicking through various options. It is in fact one click away from the track-listing window in the music store, and one or two clicks away when in iTunes.
24. There was sensitivity at the trial on the part of Computer to the ITMS being described as a website. Computer said it was not a website. This may in the end boil down to a matter of terminology only, but the means of access to the material is said to be significant. It is not accessed through a browser as an ordinary website would be. It can only be accessed through the iTunes software. It is not written and constructed in the same way as a familiar website. There is no way in which it can be accessed through a normal browser. While there is an iTunes website (or webpages within the Apple Computer website) and a link to the store, clicking on the link does not take one straight to the store within the browser. Clicking on the link causes the computer to check whether iTunes resides on the machine. If it finds it, it launches iTunes and loads the store presentation within it in the manner referred to above. If it does not find it it offers the user the opportunity to download the software (for free). If the user declines the opportunity then he or she will not be able to enter the Store.

25. Thus is the main breach said to arise. It is said by Corps that the presence of the Apple mark when the ITMS is invoked (reinforced by its re-appearance when it has been temporarily displaced) is a clear association with the music content on the screen so as to make its use one which is "in connection" with the content. Computer's answer to this is, in short, that the Apple mark "franks" the software, not the content. It is actually somewhat more complicated than that, but I shall consider the merits of the rival contentions in more detail below.

The ITMS music files

26. It is necessary for me to consider the nature of the ITMS music files, because part of Corps' case turns on the extent to which Computer has associated itself with them and their format.
27. A track held in an uncompressed digital form would occupy many megabytes of storage space. That has disadvantages for the seller, who would require much more server space in order to store the tracks, and disadvantages for the downloading buyer, who would also need large amounts of digital storage space and for whom downloading time would be very long. Accordingly, compression techniques are used to reduce the size of the file. This is achieved by technology known as a codec (compression/decompression, or coder/decoder) which operates on a non-compressed file and reduces it very dramatically in size.
28. There are a number of codecs available for this purpose. They can be divided into lossless and lossy codecs. Lossless codecs carry out a degree of compression without losing any of the musical or sound content of the file. They do not achieve as great a degree of compression as lossy codecs. The Apple lossless codec reduces a file size by about a half. A lossy codec, as its name suggests, goes further and sacrifices some of the sound content (starting with content that most people cannot hear anyway) in order to achieve compression. There is a trade-off – greater compression can be achieved by sacrificing more sound content.
29. There are a number of codecs available for this purpose. One of the best known is known for short as MP3, and it has given its name to a type of player – an MP3 player. Another, and the one adopted by Computer for its ITMS is AAC – Advanced Audio Coding. It is a generally available codec, not peculiar or exclusive to Computer. Various factors and variables operate to determine the actual degree of compression. It is unnecessary for me to go into the details here but the total overall resolution is, in simple terms, represented by the bit rate. The higher the bit rate, the better the quality (because less sound is lost) but the bigger the file.
30. iTunes is capable of compressing ripped files into (inter alia) MP3 and AAC files, and is equally capable of reading those files. It does so by use of technology known as QuickTime. However, Computer only uses one codec for ITMS, namely AAC, using a bit rate of 128 kbps. I shall call it "AAC 128" for short. It uses that codec because it believes it offers the best compromise between sound quality and level of compression. Its belief is that it offers a better sound quality than MP3 at the same bit rate. I do not need to find whether that is correct or not; indeed, it may be such a subjective matter that I could not do so. However, I can and do find that that is a justifiable belief and a reasonable position to adopt. Computer arrived at its decision to use AAC 128 after consultation with the principal music content providers (Warner, Sony and so on). Of the other digital music download services, only one of the main players offers AAC as a download format. Of the others MP3 and WMA are the predominant offerings. A variety of bit rates are offered; the main players tend to use a bit rate of 192 kbps.
31. However, ITMS does not simply offer plain or standard AAC encoded tracks without more. Encryption intervenes at two stages. The tracks are stored in an encrypted form, and transmitted as such. They are decrypted on the receiver's machine by means of a key transmitted separately by the store to the user's computer. That encryption is said to prevent the file being of any use to someone who intercepts it en

route.

32. The decrypted file is then immediately re-encrypted and stored using another key unique to each user's account. This key is part of a rights protection system known as FairPlay. What the user sees in his library is the file thus re-encrypted (though there is, of course, no explicit reference to the fact that it is encrypted and not a "plain" AAC file). This encryption limits the use that can be made of the file. The file can be transferred at will, like any other computer file, but only a computer with the necessary key can decrypt the file and thus play its music. The key is placed on computers by registering them with the ITMS, and no more than 5 computers can be registered for these purposes at any one time. Thus the number of computers on which the file can be played is limited. When the tracks are downloaded on to an appropriate portable player the key is also downloaded, enabling playback on that player. The FairPlay system thus limits the use that can be made of the file and prevents piracy in relation to the file itself. It does not, however, prevent burning the file to CD ROM. Files thus imported can be burnt to CD an unlimited number of times (though playlists can only be burned 7 times). The user signs up to rules which govern this when he or she signs up to the ITMS.
33. In the jargon of this case the FairPlay DRM ("digital rights management") feature was called the "FairPlay wrapper". The encrypted AAC file provided by the ITMS is provided in what has been called Protected AAC or Apple Protected AAC. Other providers of downloaded music use products which have a degree of piracy protection too. Some of them provide files in WMA Protected format, so the principle of protection is not unique. However, Computer is the only person, or the only principal player in the field, using Apple Protected AAC.
34. The agreements with musical content owners which led to the supply of music in the ITMS provide for piracy protection. That protection is supplied by the FairPlay wrapper. Most of the content owners provide a file already encoded into AAC 128 form, having used their own software for that purpose or, in a minority of cases, having used software provided by Computer for that purpose. A minority (less than 10% of content) is provided by providers in non-compressed form, and Computer then carries out the compression itself. I have referred above to the information about, and associated with, the track – the identity of the track and artist which appears when the track is played, artwork, a rights notice and so on. This information is stored in metadata which is added to the music element of the AAC file. This metadata is delivered to the user with the music content, so that the information is available on screen by going to the relevant "information" function in iTunes. Some of it is available on the screen of a portable player. Computer does not alter the musical content in the sense of adjusting anything like balance, sound quality, volume, timbre or anything like that. So far as the bits (in the computer sense) carry information which is decoded into music, what Computer does is to encrypt them. When they are restored they are restored so that the music is the same as it was in the originally unencrypted AAC file.
35. These technical features are not of themselves relied on as a breach. The nature of the transmitted file is relied on by Corps as a counter to an averment by Computer that the ITMS is merely a service for the transmission of the digital file, which is said to bring the store within its field of use. Corps says that the activities carried out in relation to the files, the choice of Protected AAC, the addition of the metadata and the FairPlay wrapper all show Computer's description of the Store is not accurate.

Alleged breaches of the TMA

36. Various things are said to be a breach of the TMA as being the use of Computer's mark on or in connection with musical content. They can be divided into the following aspects.

The use of an apple logo in the upper pane when the ITMS is connected.

37. I have already described the facts relevant to this when describing the operation of iTunes and the ITMS above. It is only the use in the context of the ITMS that is complained of. Use when iTunes is functioning

as a jukebox is not complained of.

Special musical content

38. One of Computer's main points in this case is that Computer is selling other people's music. It is not acting as a record label, or anything like that. Corps says that that is irrelevant, but in any event there are respects in which Computer is actually affecting content to a greater degree than one who merely sells digitised tracks. Corps relies on the following facts and matters, which demonstrate that Computer is indeed doing the sort of thing that record companies do. All the events actually occurred as facts, as I find.

i) From time to time ITMS has tracks or collections which are exclusive to ITMS for a period of time (weeks or months) in the sense that they are not available elsewhere, or not available for download elsewhere, for a time. ITMS advertises this feature; the exclusives figure significantly in the ITMS when it appears on the screen. The content (in the sense of the rights) is not owned or acquired by Computer – it is owned by the record label to whom the performer in question is contracted (or some other owner). It is exclusive in the sense that ITMS is the only place where the tracks can be obtained, or obtained digitally, for a limited period of time. This feature is not exclusive to ITMS – other download services offer it.

ii) On occasions Computer arranges a recording session which generates a recording which is then made available exclusively through ITMS for a period of time (again weeks or months). Typically Computer pays for the equipment and the other costs of the recording session. It never acquires the IP rights – those remain with the performer or his record company (or other the owner). These recordings are again promoted on and by the ITMS as an exclusive recording. Mr Cue's evidence was that there are no more than about 10 of these live recordings.

iii) ITMS features special playlists selected by performing artists, featuring tracks of other artists that they particularly like. These are selections of tracks gathered together and presented for the user so that the latter can see their chosen artist's choices, and buy them all or singly as they wish.

iv) On occasions Computer makes available collections of recordings of an artist as a notional (or virtual) "boxed set". There have been three of these so far. These sometimes extend to copies of all the published musical works of an artist or band. They can be purchased with one "click" of the mouse. Sometimes a "boxed set" will include tracks that have not hitherto been released. As always, the IP rights remain with the artist or record company – ITMS has the right to sell the digital tracks.

v) The Store offers its own collections of tracks in the form of "iTunes Essentials". The online Help facility describes Essentials as being "favorites chosen by our iTunes Music Store staff experts."

vi) It is possible for artists to sign themselves up to ITMS by means of an online application procedure. By this means their product is put on the Store with all the other products. The application procedure on site suggests that there are few qualifications attached to the material which will be sold. The evidence of Computer's witness on the point suggested that in fact there was little real selection. I find that a little hard to believe, and I think there must be some. But be that as it may, ITMS is still signing up content and artists so that their content is then sold online, and Corps relies on this as further conduct tending to equate the overall conduct of Computer to that of a record company and thereby associating its mark with music content in breach of the TMA.

Advertising and publicity matters

39. Certain publicity-related matters are relied on as breaches. They are as follows.

Video advertising

40. I was shown 4 adverts which were broadcast on television in at least one country. They are said to contravene the TMA. Each is roughly 30 seconds long; they can be described as follows.

"My Generation"

41. This is obviously the earliest of the adverts since it contains a reference to applemusic.com, an address which was abandoned after a few months (at least so far as publicity was concerned). It shows a middle-aged man holding and listening to an iPod over his earphones, clicking his fingers and apparently singing along with it – he is singing "My Generation", recorded by The Who in 1965. After 21 seconds his image is replaced by a screen which says:

"Your favorite songs 99¢ each"

for about 2 seconds. The man then reappears and stays until the end when the final screen displays Computer's apple logo over the word "AppleMusic.com" for about 3 seconds.

U2

42. This commercial features the band U2. It starts with a brief silhouette of a dancer holding a white iPod with white earphone cables. It then cuts to and between various band members all depicted in greyscale against a coloured background. One is playing an electric guitar with a white cable – plainly an allusion to the white iPod earphone cables. There are then brief cuts back to silhouetted dancers (with iPods) until after 22 seconds:

"U2's new album

Now available

Online exclusively at iTunes"

appears against a solid colour background for about 2 seconds. The advert reverts to shots of the band for 3 or so seconds, and then puts up a screen saying:

"iPod and iTunes"

followed by brief shots of band members and ending with 2 seconds of a screen showing Computer's apple logo centre-screen.

Coldplay

43. This advert features the band Coldplay and was shown on only one occasion – after the season end of a series of Saturday Night Live on US TV on 21st May 2005. This starts with 20 seconds of music and fast cutting between band members. Then the following appears centre-screen:

"Coldplay's new album
Plus exclusive tracks on iTunes"

for about 2 seconds. The band reappears and the advert ends with Computer's apple logo

with "iTunes.com" on screen for the last 2 seconds.

Eminem

44. This is another video in which an artist called Eminem is shown performing heavily silhouetted against a coloured background, with a lot of cutting back and forth to a dancer wearing a white iPod with white earphone cables. After 20 seconds the words

"Eminem
Curtain Call – the Hits

are seen on screen for about 1.5 seconds. There are 3 more seconds of Eminem or the dancer, then

"iPod and iTunes"

appears centre-screen for about 2 seconds. After 2 more seconds of performance Computer's apple logo is shown for about 1 second, and the advert ends with a last brief glimpse of the performer.

45. These adverts are said to contravene the TMA because the apple logo is used on or in connection with recorded music, which is Corps' exclusive field of use.

Gift cards

46. Computer produces gift cards – cards with a given value that can be purchased so that they can be given to someone and their value redeemed by the recipient against purchases from the ITMS. The cards show iPod earbuds and bear the words "iTunes Music Store Card" above Computer's apple logo (with the value of the card appearing in the lower right hand corner). On the accompanying (or possibly attached) leaflet there are the words (amongst others):

"Remember – iTunes isn't just the #1 music download store. It's also the best jukebox around."

47. This, too is said by Corps to offend as being the use of the apple mark in connection with recorded music.

Other static advertisements

48. Other advertisements are relied on, this time static – they appeared on paper or perhaps on billboards. As an example Mr Vos showed me one with a silhouette of a man obviously listening to an iPod. In the top left hand corner there is the Computer apple logo and the word "iPod". In the top right hand corner there is "itunes.com/uk". Across the bottom is written: "10,000 songs in your pocket, including your favourites from the new iTunes Music Store. PC or Mac." While it seems to be accepted by Corps that this primarily advertises the iPod (which by itself would be unobjectionable), there is an association between the apple logo in the top right left hand corner and the reference to the store in the bottom right. When you go to the store you find that it is selling music, and that is what is said to be offending. There are many other similar adverts.

E-mail advertising

49. Every Tuesday the ITMS sends out a circular e-mail to all account-holders who have not elected not to receive it. The body of the e-mail has a banner across it with the words "iTunes new music Tuesdays" in the banner with Computer's apple logo at the same size as the text to the left of it. Below that are small squares of artwork under various headings – I was shown one with the headings "New Releases" and "Just Added". There are other links in the e-mail. It is clearly promoting the availability of the listed recordings in the store. These emails are said to contravene the TMA because the apple logo is used in

connection with recorded music content.

Other breaches

50. Other variants of advertising were shown to me, including a free-standing use of the words "applemusic.com" and other uses of Computer's apple logo on advertisements. For the purposes of my decision I do not need to rule on each and every one of them. I will consider just those referred to above. In Corps' pleaded case reliance was also placed on some cards analogous to greetings cards, which were disclosed as part of the disclosure process, but it turned out that these were never used by Computer and so I do not need to deal with them. (In fact one, or a version of one, was trialled by a greetings card company, but it is not a material part of this case.)

Matters lending colour to the alleged breaches

51. As well as those specific matters, Mr Vos relied on other matters as lending colour to what has occurred. One was a formal Securities & Exchange Commission Form (an annual report – Form 10-K) submitted by Computer in December 2003. Mr Vos put particular emphasis on part of the wording of a section devoted to "Competition":

"The Company believes it maintains a competitive advantage by more effectively integrating the entire end-to-end music solution, including the hardware (iPod), software (iTunes) and music content (iTunes Music Store)"

This, says Mr Vos, shows that Computer was not merely using, or even intending to use, its marks in connection with a service which did not trespass into use in connection with content. The reference to integration and the express reference to content showed that Computer's marks were intended to be used in connection with the music content itself. It is part of the "commercial ethos" of Computer.

52. The other principal piece of colouring material is a speech given by Mr Jobs at the public launch of ITMS on 29th April 2003. In that launch he said the following:

i) He referred to the fact that Computer had been honoured with a Grammy (an award for and from the record industry).

ii) He referred to the success of the iPod (700,000 then sold). Having referred to the unavailability of what he considered to be an acceptable legal download service, he said:

"We've bought our music on LPs, we've bought our music on cassettes, we've bought our music on CDs and we think people want to buy their music on the internet by buying downloads just like they bought LPs, just like they bought cassettes, just like they bought CDs ... We know how to pump oceans of bits reliably from server farms. We run them today. We've applied it to music. We've nailed it. In terms of encoding quality, every song is pristinely encoded. In 128 Kilobit per second AAC, it rivals CD quality and actually, because we've gone all the way back to some of the master tapes in the vault to encode these things, some of them sound better than CDs ... And we are including album cover art ... And, we have exclusive tracks you can't get anywhere else from artists like U2, Eminem, Bob Dylan, there's over 20 of them that have given us exclusive tracks for the Store that you cannot get anywhere else ..."

53. This, and similar expressions in the long presentation, are said to express the vision of selling music by download which was the equivalent of selling CDs. Such an activity was within Corps', not Computer's field of use under the TMA. Mr Vos said that this document, and the SEC document, told the world

exactly what Computer was doing – producing an "integrated end-to-end music solution" (Mr Vos's words) so that when an apple mark was used in connection with that activity Computer was inevitably using it in connection with music content.

The factual matrix

54. There is not a lot of relevant factual background against which to put the TMA for the purposes of construction. The background relationship between the parties (including the 1981 agreement) is set out above. It must be remembered that the TMA was entered into in 1991. Personal computers had been in fairly widespread use for a number of years, but the internet as we now know it did not exist, and the large scale transmission of computer data down ordinary telephone lines to the ordinary consumer was unknown. E-mail was probably in its infancy, if that. Accordingly, the current state of play, in which the downloading of data (whether documents, pictures, videos or other forms) is now widely understood and appreciated, did not form part of the factual background in 1991. Most sound chips in personal computers were crude compared with modern offerings. Having said that, the prospect of technological development was very much part of the factual matrix. The parties cannot have imagined that technology would stand still, even if they could not have predicted its direction. Computer itself was known for its innovatory propensities.
55. There was, however, one technological matter which formed the background to the TMA, and which might explain the presence of clause 4.3. In June 1991 Computer had launched QuickTime, a computer programme designed to facilitate the creation, distribution and use of combined video, graphics and sound on computers. Mr Aspinall did not know of this programme at the time of the TMA, but it had been announced and it is accepted by Corps that its existence and expressed capabilities were part of the factual matrix of the TMA. It has developed much since then (not surprisingly) and part of its technology is incorporated into iTunes. In 1999 it started delivering streamed content (ie content played "live" on the user's computer as it is delivered, as opposed to being stored as a separate file and played later). In order to be able to play content a user's computer has to have a QuickTime player. On its Windows version the player bears Computer's apple logo on its surrounding "frame"; but in the Apple Mac version it does not. QuickTime now has a "website" within Computer's site. That site contains some recorded material, as well as movie trailers and pop videos, and click-through links to other sites where the content can be downloaded and viewed using QuickTime. The content will have been created using QuickTime too. These later developments cannot be part of the factual matrix, though reference was made to them in the context of construction during the course of the trial.
56. Computer sought to invoke the nature of the business of Corps as part of the factual matrix. The purported relevance of this lay in an attempt to assert that Corps' field of use was intended to preserve the use of its marks in its role as a "record company". Mr Aspinall outlined what the nature of the business of Corps was in 1991 – collecting royalties, licensing the use of recordings, promoting artists, operating a recording studio. Frankly, I did not find this of much assistance. The real question in this case is what activities were appropriated to which mark. The activities are set out in the agreement and I was not really assisted by ascertaining what Corps' actual activities were in 1991.

The witnesses

57. I received evidence from several witnesses, some of it via witness statements whose evidence was submitted in writing under the Civil Evidence Act. The principal witnesses were as follows:

i) **Mr Neil Aspinall.** Mr Aspinall is Corps' manager – he is the person who runs the London office, and who manages Corps, the various Apple Corps companies and the Beatles' interests generally. He has done that for over 30 years. He gave me evidence of the background to the 1981 agreement and the TMA, and evidence of the current and recent

activities of Corps. He had dealings with Computer at about the time of the launch of the ITMS, including the demonstration of the store, and he has in the past spoken to Mr Jobs about setting up websites. He professed not to be a technical man, and professed no affinity with computers whatsoever. I think that he sought to portray himself as somewhat more naïve about and ignorant about technological issues than is really the case. I do not consider that he can have successfully carried out his job for as many years as he has held it had he been quite as distanced from these things as he sought to portray in the witness box. While I accept that basically he is not a technical man (and there is no reason why he should be) I think him capable of a greater grasp of these things than he wished to demonstrate. Having said that, I consider that his evidence was honest and, apart from the matter I have just referred to, straightforward.

ii) **Mr James Hoffman** was an independent expert called by Corps to give technical evidence relating to transmission of digital content. His evidence gave a very helpful outline of how the compression and encryption technology was deployed. It was largely uncontentious.

iii) **Mr Eddy Cue**. He is now vice-president of iTunes. He gave evidence of how various aspects of iTunes and the ITMS work, along with evidence of the relationships with content providers. He was cross-examined on some of those, and also on what the apple logo signified when ITMS was in operation on a computer and what it related to in the advertisements identified above. I was not assisted much by these latter points. He was an honest, straightforward and helpful witness.

iv) The same applies to **Mr Jeffrey Robbin**, vice-president of engineering at Computer. He dealt with the general business of Computer, QuickTime technology, how the ITMS operates (though I was also shown this in live demonstrations by the parties at the trial) and how certain aspects of file delivery and encryption operated.

Corps' case on the true construction of the TMA and breach – an outline

58. Before deciding whether any given acts are breaches it is necessary to ascertain what the TMA means. The parties do not agree about this, and I can summarise the arguments of the parties as follows. In fairness, this summary does not do justice to some of the subtleties of the arguments, but an outline suffices for present purposes. Both parties submitted that the position is simple and straightforward, which is a pretty good indication that it is not.

59. Corps' argument was essentially as follows. Corps acknowledges that the all important words, in relation to usage of marks, are "on or in connection with". It says that those words should be given their normal English meaning, and when that is done it can be seen that the various apple logos that I have identified above are used "on or in connection with" music content (the shorthand which was used at the trial to describe Corps' second field of use). The connection is said to be obvious. The same result is said to be reached if one adopts a purposive construction – it would defeat the purpose of the agreement (which was to reserve the "record business" to Corps) to narrow the literal construction in any way. Again, the same result was reached if one looks at trade mark law, whether in this jurisdiction or the United States (the law of the latter jurisdiction was thought at one stage to be relevant in this context because the wording used was similar to that in the US Lanham Act trade mark statute, but it rather fell out of the picture during the opening of the trial). It was said that the law of both jurisdictions recognised that trade marks could be applied not only to acknowledge the source of the goods, but also to denote, for example, the quality of the intermediate supplier through whom the goods passed, or even the quality of the goods emanating from that intermediary, so that that intermediary's mark could be appropriately applied to the goods. In this case Computer can and should be regarded as equivalent to an intermediary who could

apply its own mark to goods originating from another, or even as a manufacturer, bearing in mind the origination of music and selection of tracks that it did. The words "on or in connection with" are capable of covering this sort of legitimate use which could be made of a mark, and it is that sort of use that has occurred on the facts of this case. Furthermore, the words forbidding the use of Computer's marks on or in connection with physical media, in clause 4.3, prevent Computer doing what it has been doing in relation to iTunes in this case.

60. Mr Vos relied on the fact that Corps' business is described as the "record business", as is recorded in the recital to the TMA. That recital records the intention of the parties to preserve that for Corps. That gives it the exclusive right to use its own marks on recordings with principally music content – see clause 4.2 and the prohibition in clause 4.9. When one looks at Corps' field of use for its marks, one finds that it is not merely sterile music in a box. Music is no use unless it is delivered or transmitted in some way, and Corps is entitled to use its marks on or in connection with music content "regardless of the means by which those works are recorded, or communicated, whether tangible or intangible." Of particular importance are the words "whether tangible or intangible"; they cover the intangible communication that takes place in a download over the internet.
61. Corps also argued that Computer's field of use is hardware, software and services, but not creative works with principally musical content, which is Corps' exclusive field of use. The only exception to this is to be found in clause 4.4, and that exception does not cover what Computer is currently doing (as to which there is no dispute). That clause is important because in fact it makes it clear that what Computer is doing (namely selling musical content and using its mark in connection with it) is not permitted. It makes it clear that the only way in which Computer can use its mark on or in connection with recorded works is the exception provided for there. That means that the use now made of its mark in relation to the selling of recordings is not permitted. It does not make any difference that Computer is also using its mark to badge something in its own field of use (in this case a data transmission service, which Corps accepts ITMS is). If it is also using it in connection with musical content then that is not permitted.
62. So far as clause 4.3 is concerned, Mr Vos for Corps says that the TMA recognises the potential for a problem and makes it clear that in those circumstances each party is to keep within its own field of use. Thus it would be acceptable for Computer to use its mark on a service delivering music content provided that the mark was not also (in the circumstances) used on or in connection with the content itself. It does not allow a dual use (one that refers both to the service and to the content). To achieve the relevant degree of separation would require some care. It could, said Mr Vos, be achieved; but it has not been achieved in the present case. The proviso to clause 4.3, which refers to "physical media delivering pre-recorded content" does not assist Computer, and indeed assists Corps, because the content in question is referred to by means of a cross-reference back to clause 1.3(i) and (ii), which refers to content "regardless of the means by which those works are recorded, or communicated, whether tangible or intangible" (emphasis added). The transmission of content via the ITMS is an intangible communication, and is thus within the prohibitory proviso, and the disk on which the content is stored is a physical medium within the proviso. The proviso is said to make it clear that Computer cannot use its marks in connection with musical content in any form in which it is sold (free supply being catered for, in limited circumstances, by clause 4.4).
63. With the agreement thus construed, Corps says that each of the matters relied on is a breach. The use of the Apple logo, as described above, is in connection with musical content whether or not it is also used in connection with a delivery service. Dual use is infringing use. One of the things that makes it a use in connection with the content is the fact that the content is sold (and, in the case of three of the video advertisements, actually advertised as well). The pronouncements of Computer, either through Mr Jobs or formal SEC documents, make this plain. If one looks at the overall picture, Computer is acting as a record company – it is pre-packaging music, and it is procuring recordings and then selling them under its banner in exclusive tracks and virtual boxed sets.

Computer's case on the true construction of the TMA and breach – an outline

64. Computer's case gives a different meaning to the words use "on or in connection with". For most of the case Computer said that it meant a use which indicated the source or origin of the rights to the music, but in his final speech Lord Grabiner expanded this slightly to mean a use which indicates the source or origin of the rights in, or the right to control, the music. Computer emphasises the wide range of products within its own field of use, and particularly category (ii) (the services). Corps' field is narrower and confined to content. For Computer to cross into Corps' territory with its mark it would have to have indicated, by its use of the mark, that Computer was the source or origin of the music. That is said to be fundamental. It did not do so and has never done so. Its advertisements are always of the service (or of the iPod, which is hardware within head (i) of clause 1.2), and not of the content. The ownership of the rights is always attributed to the correct person within the ITMS and in the track information on any downloaded track. Other service providers use their marks in the same way - they use their marks to identify the service and do not go further and attribute them to the musical content.
65. Clause 4.3 is an "avoidance of doubt" clause which affirms the right of the parties to use their respective marks in their own respective fields. Computer's main case was that there was no overlap of fields of use for the clause to deal with because conceptually the boundaries were clear. Lord Grabiner says it was designed to ensure that the arguments now advanced by Corps could not be correctly advanced. Alternatively, (and I think this was an alternative argument) it actually has the effect of meaning that "in connection with" cannot be taken as referring to a situation where Computer's mark is applied to a service delivering musical content. On this argument the provision goes somewhat beyond an "avoidance of doubt" provision. Computer then says that there is no material difference between the use of the apple logo in iTunes and its use on the ITMS, so Corps' non-objection in relation to the former means that there is no legitimate substance in their objection to the latter. Lord Grabiner also says that if he needs to he can also rely on head (iii) in Computer's field of use (the ancillary matters) including the references to financing and distribution, which permits the business-like performance of the fields of use in head (ii).

The proper construction of the TMA

66. I preface my conclusions on the proper construction of the TMA with two points. First, I am aware that I must be careful to keep the TMA in its correct place in the chronology and the development of technology and to construe it accordingly. The use of the internet, and the ready availability of all sorts of downloads, was not part of the technological scene at the time, and I cannot approach the question of construction as though the particular activity now conducted by Computer (and other digital suppliers) was in the parties' minds at the time. It is true that, as Mr Vos pointed out, it remains necessary to consider how the words of the agreement apply to the more technologically advanced age which has supervened. This is done in the context of statute and statutory instruments (for example, the classification of computer files as "documents") and should be done for this contract. However, I must be careful not to transpose modern circumstances back to 1991 where that would be inappropriate. Second, it is not my function to draw definitive boundary lines so as to fix the operation of the TMA for all time. I have to rule on whether specified acts were breaches of the TMA. This will inevitably result in some clarification of the demarcation between permitted and non-permitted activities (or at least I hope it will) but it will not necessarily definitively mark all boundaries for all future purposes.
67. The two principal questions of construction that arise are, first, what is meant by use of a mark "on or in connection with" goods or services within a field of use, and second what is the meaning of clause 4.3 and its effect in circumstances such as those which give rise to this litigation. There is one important point of agreement which should be recorded at this point, and that is that it is accepted by Corps that the ITMS is a data transmission service and so falls within Computer's field of use. I am sure that that is right – it is a service that falls within head (ii) of clause 1.2. For my part I consider that it is probably a broadcasting service as well, but that does not matter much.

68. Accordingly the first question that needs to be considered is the meaning of the use of marks "on or in connection with" goods or services in clauses 4.1, 4.2 and 4.3, and in particular when used in relation to matters within Corps' second field of use. The important question is the extent to which Computer is correct in saying that it bears a narrow construction so that, in this particular context, it refers to use as a badge of origin or control only, or conversely the extent to which it is capable of bearing a wider meaning.
69. It must be remembered that the expression is used in relation to things which are trade marks. The express "context" of the agreement is the reservation of the respective fields for the marks of the parties (see the recital) and it is also plain from the factual context (the previous agreement and the previous dispute) that that is true. The words are therefore used in that context and I consider that that provides some form of limitation to the otherwise very wide expression "in connection with". A purely linguistic limitation (Mr Vos's widest case) would not be appropriate. It would be far too wide. Lord Grabiner's construction is closer to the correct analysis, but it is a little too narrow. It must also be remembered that this agreement operates worldwide – it is not confined to any particular jurisdiction. It is therefore not predicated on such uses of marks as might be permitted in any given jurisdiction. Accordingly, while this is an English law agreement, it would not be right to confine the words to referring to such use as English law would regard as being the proper use of a mark in a trade mark sense; nor would it be correct to reflect just the US Lanham Act in particular either (though no-one in the end urged on me that I should).
70. In the light of the context it seems to me that the words require or import some form of trade mark related connection. The broad thrust of trade marks is to attribute origin or origin-like attributes to the goods or services in question. So far as English law is concerned one can see this from *Aristoc Ltd v Rysta Ltd* [1945] AC 68. In that case the House of Lords had to compare the effects of the Trade Marks Act 1905 and the Trade Marks Act 1938. The 1905 Act defined a trade mark to be a mark :

"used or proposed to be used upon or in connexion with goods for the purpose of indicating that they are the goods of the proprietor of such trade mark by virtue of manufacture, selection, certification, dealing with, or offering for sale."

That form of wording was not reproduced in the 1938 Act. (Interestingly, neither party addressed me on the expression "in connexion with" used in the 1905 Act.) The main point in the case concerned what sort of trade was relevant for the purposes of what the mark indicated, under the 1938 Act. It was held that the wording of the 1938 Act did not materially broaden what was required under the 1905 Act and that:

"A connexion with goods in the course of trade, in my opinion, means, in the definition section, an association with the goods in the course of their production and preparation for the market". (Per Lord Macmillan at p 97)

"The word 'origin' is no doubt used in a special and almost technical sense in this connexion, but it denotes at least that the goods are issued as vendible goods under the aegis of the proprietor of the trade mark, who thus assumes responsibility for them, even though the responsibility is limited to selection like that of the salesman of carrots on commission in *Major Brothers v Franklin & Son*." (per Lord Wright at p 102).

71. Other authorities (older and more recent) express themselves similarly. Thus in *R v Johnstone* [2003] 1 WLR 1736 Lord Nicholls said (at paragraph 13):

"But the essence of a trade mark has always been that it is a badge of origin. It indicates trade source: a connection in the course of trade between the goods and the proprietor of the mark."

72. This sort of expression encapsulates the sort of connection that is required. I say that not because I take the case as fixing the relevant purpose of the TMA, but because it is a useful indication of the sort of limitation that is required. It reflects generally the worldwide purpose of trademarks:

"... the basic purpose of a trade mark is the same in any national economic system. The purpose is as a guarantee of commercial origin" (per Lord Walker in *R v Johnstone* at paragraph 63).

In taking the approach to construction that I take the TMA can be given an effect which produces the same result in whatever jurisdiction the question arises. What is required for use "on or in connection with" subject matter is a degree of trade connection or association with that subject matter relating to its commercial origin. I do not think it is possible to be more specific than this.

73. It follows from this that neither Lord Grabiner nor Mr Vos are wholly correct in the meaning they seek to give to "in connection with". Lord Grabiner is too narrow. He seeks to say that the only connection is one which attributes source and origin (in the sense of ownership of the right) or control of it, to the user of the mark. That is too narrow. A wider connection is capable of being within it. Mr Vos, at his widest, is too wide. These are, after all trade marks, and a purely linguistic boundary is not an appropriate delimitation.
74. So far as clause 4.3 is concerned it seems to me that its purpose and effect is as follows. Problems of construction can get difficult where boundaries are approached, and that is particularly so where potentially generalised expressions like "in connection with" are concerned. What seems to have happened is that the parties anticipated this and provided for it in clause 4.3 where such things as a data transmission service, or a broadcasting service, or a piece of hardware (Computer's field) is delivering musical content (Corps' field). They anticipated that it might be said that the use of Computer's mark on and in connection with (for example) the delivery service would, or might, also be said to be a use in connection with the content that was delivered via the service.
75. In my view clause 4.3 anticipates this potential clash and seeks to resolve these difficulties. It is not happily drafted but the way it works is as follows. The first sentence acknowledges the sort of situation that has arisen in the present case – Computer's service, within its field of use, is used to transmit content which is within Corps' field of use. It does not prohibit that situation; it seeks to cater for it. The words "used to reproduce, run, play or otherwise deliver such content" (emphasis added) make that plain since those words anticipate the relevant activity. On its face it does so by re-stating the parties' respective territories, which is a slightly curious way of going about it because if taken literally it is merely a re-statement which is not very useful. They each have their exclusive territories anyway, and those territories do not need re-stating. However, the clause must be doing something more than stating the obvious in terms of territory, and I consider that Mr Vos is wrong so far as his submissions are suggesting that it is just doing that. I do not see what the point of that would be. In my view what it is doing is implicitly acknowledging that there might be arguments about whether (for example) a Computer apple-branded data transmission service which transmitted music was, in doing so, using the apple mark "on or in connection with" musical content, but avoiding those arguments by accepting that an application to the service, without more, would not be taken as being a use "in connection with" the content (or technically the creative work). In other words the mere running of a data transmission service, transmitting musical content, under a Computer apple mark would not, of itself, be a breach.
76. Mr Vos submits that this clause is restrictive, not permissive. He says that it reinforces the exclusive right of Corps to use its mark on content, and he emphasises the cross-reference to the definition of that content and the fact that that definition refers to content "regardless of the means by which those works are ... communicated, whether tangible or intangible" (emphasis added). He says that this makes it clear

that Corps alone is allowed to do this, and that therefore Computer, which is actually doing it now, is not. It thus reinforces and preserves Corps' rights to its mark on content, including intangibly communicated music (which would include music content transmitted via the data transmission service) and makes it clear that Computer is not entitled to use its mark in connection with that content. Accordingly, if Computer wishes to use its mark on a data transmission service that transmits musical recordings it must do so in such a way as makes it clear that its mark is not used in connection with the content.

77. Mr Vos accepts that Computer's apple mark can be used on the delivery system; he says it must not go further and be used in connection with content as well. He even accepted that use on the delivery system would not necessarily be use in connection with the music (though it would be necessary to do that in such a way as made the distinction or dividing line clear). However, I think that his construction requires a more rigorous approach to the separation than the one that I consider to be correct – that was indicated by some of his submissions in his closing speech. Because of the broad interpretation that he would give to "in connection with" it will be harder, on his approach, to separate the two uses once the mark is used on the delivery system at all. I rather suspect that it would require some odd presentation or extreme steps which the parties are unlikely to have contemplated as being required in the circumstances. The correct approach is indicated by the structure of the second sentence of clause 4.3. The first sentence has presupposed the possibility of a mark used on a delivery system which delivers music content. The second sentence starts with a situation which it is apparently going to qualify in that manner ("In such case ..."), refers to a potential difficulty ("even though Apple Corps [etc]..."), and then supplies a solution (by referring to Computer's own exclusive right) thereby making clear that it can exercise its right without being accused of trespassing into Corps' territory. There is then the proviso which qualifies the clarified liberty. The structure is therefore as follows: "Even though X is the case, nevertheless Y is allowed even though it might otherwise be thought it was not, but that does not go so far as Z".
78. There remains the question of the whereabouts of the proper boundaries of such use. There must still be some limits. This approach to the meaning of clause 4.3 does not mean that once Computer has used its mark on its own services it then has a licence which allows it to refer to content by suggesting some sort of trade connection going beyond the service. It does not have that right. In my view it is intended to protect a fair and reasonable use of the mark when applied to the service. Provided that the mark is used in a reasonable and fair way on or in connection with the service, and genuinely (non-colourably) to denote a trade connection with that service (rather than with anything else), then the line will not be treated as crossed. The expression "fair and reasonable" is, of course, my expression. It does not appear expressly in the TMA. But in my view it is necessarily to be implied in order to make the provision work. In my view it achieves what the parties sought to achieve in clause 4.3.
79. Mr Vos laid great stress on the provisions of clause 4.4, which contain an express permission to Computer to use its mark for training, promotional, advertising and demonstration material, provided it is not paid for. He said that that demonstrated that otherwise there was a bar on selling content – he says that it "gives you a clear indication of what they [ie Computer] cannot do, which is sell, and charge for music." This, he says, assists in the construction and operation of the rest of the agreement. I do not agree. This clause gives an express permission to apply Computer's apple marks to material fairly and squarely within Corps' field of use, but for limited purposes. It does not say anything implicit about what is not permitted under the other provisions. One looks to those other provisions for such prohibitions. The prohibition on selling with a mark used on or in connection with the recording is contained in, or arises out of, clauses 4.2 and 4.9. It does not help to resolve the question in the present case, and how clause 4.3 applies.
80. Mr Vos also relied on the proviso to clause 4.3, which prevents Computer from using its mark "on or in connection with physical media delivering pre-recorded content within subsection 1.3(i) or (ii) (such as a compact disc of the Rolling Stones music)". He says that this makes it clear that Computer must not use its mark in connection with the sale of music content however sold, and it does not matter that the sale is

via a computer connection because of the incorporated cross-reference to intangibility, which preserves it for Corps. Clause 1.3(ii) makes it clear that the words in question are within Corps' exclusive field of use however they are communicated ("whether tangible or intangible"), and they are capable of describing what Computer is doing even though nothing like a CD is delivered. He says it shows how narrowly clause 4.3 should be construed – Computer is confined to the use of its marks on its service and must not trespass in any way into a use in connection with content. He notes that Mr Jobs claims that permanent downloads are just the next thing on from CDs, or are like CDs, and claims that in ordinary language any reasonable person would regard a permanent download stored on a physical medium, such as a hard drive, as "physical media". Bearing all this in mind, and bearing in mind that the court has to apply this contract to technological developments that were not precisely foreseen, it would be appropriate to regard a permanent download within the definition of "physical media delivering pre-recorded content".

81. Once again, I do not agree. I acknowledge the need to be careful in applying this contract to new situations, and it is possible for the proviso to apply to developments that were not foreseen at the time of the TMA. However, it would require a serious distortion of fairly plain notions to say that files delivered by ITMS and stored somehow in digital form, and/or the hard disk which stores them, amount to "physical media" which "deliver" pre-recorded content. It is true that physical things are involved – servers, communication equipment, wires and hard disks, to name but some, but they do not, in any form of ordinary parlance, amount to "physical media delivering pre-recorded content". The hard disk on which downloaded content is stored may in some contexts be regarded as a physical medium, but it does not deliver anything; it stores what is delivered by a means other than a "physical medium". The example in clause 4.3 gives the sort of thing the parties had in mind, and it is readily intelligible. What they had in mind was physical media like a CD – vinyl and tape would be contemporary parallels; SD (Secure Digital) cards would be a more modern equivalent. The physical medium has to carry the content. There is no equivalent or analogue in a download service like ITMS.
82. Nor is any assistance to be gleaned from the reference to intangibility in clause 1.3(ii). I do not think it is imported into the proviso. One has to look very carefully at what it is that "intangible" refers to in clause 1.3(ii). It does not refer to "content"; it refers to the method of recording or communication of works – "the means by which ... works are recorded, or communicated whether tangible or intangible". Contrast the wording of the proviso. The word used in the proviso is "content" – "pre-recorded content within subsection 1(3)(i) and (ii)" (emphasis added). Intangibility does not qualify "content"; it qualifies methods of communication. Accordingly it is not necessary, as a matter of strict drafting logic, to incorporate the cross-reference to intangibility, and no reason in common sense to do so either. If it were introduced it would provide an ostensible conflict with the notion of a physical medium. I see no reason to suppose that the parties intended to introduce that somewhat troublesome notion when there is a perfectly workable construction that avoids it.
83. All this does not, as Mr Vos submitted, make nonsense of the exclusive rights given to Corps to apply its marks to musical recordings, including recordings transmitted in intangible form. It still has those rights. Computer has no right to apply its marks to such matters. What Computer does have the right to do is to use its mark in connection with the service which sells content without automatically being in breach of the TMA, and to be able to avoid being in breach providing that it is acting fairly and reasonably. Corps retains the exclusive right to apply its marks to the "creative works", however communicated. I do not see what is nonsensical about the result which I consider to be correct.
84. In reaching my conclusion I place no reliance on the following points urged on me by Lord Grabiner:
 - i) I do not think that head (iii) (the ancillary services) of Computer's fields of use assists in arriving at an answer to the problems of this case. I think that it may have been suggested that this head assisted one in arriving at a conclusion that sale of content was permitted. If that was suggested then I do not consider that to be right. The matters that fall within head

(iii) are all matters which are ancillary to the prior two heads. Thus distributing equipment would be an ancillary use. But in the present case the service itself is a distribution service. Computer is not distributing its distribution service. It is operating its distribution service. Similarly, nothing that it is doing falls within financing its activities within the meaning of the clause. This paragraph is therefore of no relevance to the matter before me.

ii) Second, Lord Grabiner's submission that the TMA was intended to preserve the use of Corps' marks for the form of business that Corps had at the date of the TMA (which did not include the transmission, or even the distribution, of music content). It is true that the recital refers to the "record business", but the real area of use for Corps' marks is spelt out clause in 1.3, which is itself referred to in the recital in a way which demonstrates that clause 1.3 governs, not the recital. The fields of use are spelled out in terms in the TMA, and its provisions do not define them by reference to what the activities of the parties were at the time of the TMA.

iii) I do not gain any assistance from considering the terms of the 1981 Agreement. It is plain that the boundaries had moved, but their 1991 position must be determined by the terms of the TMA, and I did not find it of any assistance to look at where they had been placed in 1981.

The question of breach

85. Having resolved the principal issues of construction it is now necessary to decide which, if any, of the alleged breaches have been established. Whether there has been a breach will depend on the appearance of the marks and what the use of the marks conveys. In trade mark law (or Community trade mark law at least) it is relevant to consider how things would appear to the "average consumer" – one who is "reasonably well-informed and reasonably observant and circumspect" (Lloyd Schuhfabrik v Klijsen [1999] ETMR 690). So far as it is relevant to consider perceptions in this case, that seems to me to be the correct test to apply. The parties were in agreement about that.

The use of the Apple mark in the ITMS

86. So far as the use of the apple mark on the ITMS is concerned it is broken down into various elements – the basic presentation, the exclusive tracks and so on. It is appropriate to consider them separately, but also to stand back and consider them as a whole as well. I shall do both.

87. I have already described this mark and how it appears on the screen when the ITMS is invoked. It is clearly used on or in connection with the ITMS and Corps accepted that that was a data transmission service within Computer's exclusive field of use. We are therefore in clause 4.3 territory because it is being used to transmit content within Corps' field of use. But before considering clause 4.3 it is appropriate to consider whether the sort of use made of this logo is a use "on or in connection with" recordings within the meaning of the TMA.

88. I have already held that the fact that the content is being sold does not help to determine the question that I have to decide. There is, in my view, no built-in prohibition on sale by Computer. A data transmission service remains a data transmission service even if a payment is made for the data that is transmitted. The same is true if (as in my view is the case) ITMS is also a form of broadcasting service. So far Computer is doing what it is entitled to do. Is it going further and associating its mark with the "creative works" on the ITMS (in contravention of the TMA as I have construed it)? Is it going beyond merely using the apple logo to describe its service and suggesting a trade connection with the content?

89. This is ultimately a matter of impression. I must look at the mark with the eyes of a reasonable and sensible user and determine what impression would be given. Such a user would be familiar with the

notion of buying recordings of creative works from a retailer, and would be capable of not seeing any other association between retailer and the music other than that arising out of the sale itself. That is what happens in shops. The same user would be likely to be familiar (at least nowadays) with other download services (for example Napster, or Real) where downloads of similar material are available and where the service's logo features on the webpages from which the downloads take place, or within the downloading window. In my view the presence of a logo which is the logo of the download service would not be likely to be taken by such a user, without more, as a sort of trade association with the content beyond that of being a retailer. That is not, in my view, the sort of association that falls within the TMA. A retailer offers goods which have originated from others, very often under the mark of others. In doing so, and in advertising his sales service by the copious use of his own mark, he does not suggest that the goods are his in terms of trade origin or trade source, particularly if the originator's mark is used. As Jacob J observed in *Euromarket Designs Inc v Peters* [2000] IP & T 1290:

"It may well be that the concept of 'use in relation to goods' is different for differing purposes. Much may turn on the public conception of the use. For instance, if you buy Kodak film in Boots and it is put in a bag labelled 'Boots', only a trade mark lawyer might say that 'Boots' is being used as a trade mark for film. Mere physical proximity between sign and goods may not make the use of the sign in relation to the goods. Perception matters too."

90. In the present case the perception of the relevant customer, and not the intellectual analysis of the trade mark lawyer, is the relevant test. In the present case that user will be likely first to have seen Computer's apple in the same panel in the context of the iTunes software. While the link on the iTunes website launches iTunes straight into the ITMS, it seems to me to be likely that the reasonable user will have had some familiarity with iTunes before then. On iTunes the apple clearly denotes the software, and it is not suggested by Corps that that is an impermissible association with the music content shown in the main window. Once one is in the store the apple would be taken as denoting the store (in the sense of the service) and perhaps the software (but that does not matter), but I do not see that it goes further than that and adds some additional form of trade connection with the content of the recordings. As one navigates round the store one comes across the various recordings, but this process does not add an additional trade connection within what I consider the true effect of the TMA to be. Mr Vos relies on the fact that the apple logo disappears when there is some form of downloading activity, or playing, and re-appears when that activity is over, as somehow reinforcing a connection with the recordings. I do not accept that. It might be a way of reinforcing the Apple Computer identity, and it is obviously perceived by Computer as being important to have it there, but it does not seem to me to create or to reinforce a connection with the music.
91. However, because of clause 4.3 that does not necessarily matter. This is, in my view, precisely the sort of situation that clause 4.3 was intended to address and in respect of which the sort of analysis and argument that I have just conducted was to be avoided. Computer is undoubtedly using its mark on and in connection with its service (that is common ground). That service is delivering "content" within Corps' field of use. We are therefore firmly within clause 4.3 territory. The use in the context of the service is genuine (non-colourable), reasonable and fair. It does not, in my view, go beyond that. That is its purpose; it is not taken beyond it to any unfair or unreasonable extent; and it is not used as a device for going further and somehow "franking" (my word) the content. The use does not go beyond a use to identify the retail service involved, and the connection suggested (if there is one) does not go beyond such connection as arises out of that retail context. Accordingly clause 4.3 operates to allow Computer to use its apple mark in the manner in which it has used it in relation to the ITMS.
92. One thing that was heavily relied on by Computer is the fact that there are embedded notices which attribute the ownership of the rights of each recording to the rights owner, and that Computer is not the owner of any of those rights. That ownership can be ascertained by getting to the album from which the track is taken (which is not difficult) or from the track information once the track has been downloaded.

In the light of the view that I have taken as to the meaning of "on or in connection with", which has a meaning extending beyond rights of ownership, this point is of less importance. It is, however, significant to note as part of the overall picture that Computer does attribute the rights to the owner. It does not leave the position uncertain. While not determinative of anything, it is nonetheless consistent with the conclusion that I have reached on looking at how the Store and software operate.

93. Looking at the operation of the ITMS by itself, therefore, I conclude that the use of the Apple logo in the notional LCD display does not suggest a relevant connection with the creative work. However, even if it did then clause 4.3 would operate to permit it. I think that the use of the apple logo is a fair and reasonable use of the mark in connection with the service which does not go further and (unfairly or unreasonably) suggest an additional association with the creative works themselves. It is fairly and squarely within the provisions of clause 4.3 of the TMA.
94. I turn now to consider the other matters which might be said to tie Computer more closely to recordings – the exclusive tracks, special playlists or selections, special "boxed sets" and special recordings. These were relied on as demonstrating that Computer was acting as a record company, which is, I suppose, one way of considering whether Computer has achieved the relevant connection between its mark and the recordings. However, it is not a substitute for carrying out the right inquiry. When the correct inquiry is carried out I do not think that these items cross the line. I do not think there is a serious question about the special playlists or selections. The others require a little more consideration, and the special music comes closest to the line. However, I still do not think that the line is crossed. The availability of exclusive tracks is in the nature of an "in store" offer by a retailer, and does not carry the necessary association into existence. In relation to these tracks Computer is still a purveyor of downloaded content, albeit exclusive for a limited time in relation to the tracks. The boxed sets are merely a way of packaging what is otherwise sold on the site. The specially recorded music comes pretty close to the line, but at the end of the day the question is not whether Computer commissions it in any sense (it is allowed to do that) but how it is presented to the world in relation to its mark. There is a closer association with the mark "iTunes", but that does not fully carry over to the apple logo. I do not think that that presentation goes beyond using the mark in connection with the data transmission service in relation to a recording which is exclusive to the store for a period of time. If I am wrong about that then again I consider that clause 4.3 prevents Computer from being in breach. Its use of the mark remains a use on or in connection with its service, and so far as it becomes associated with these additional factors I do not consider it goes beyond a proper, fair and reasonable use in connection with the mark and trespasses beyond it.
95. Mr Vos relied on the fact that the word or words "iTunes" or "Music Store" appear above the apple logo on the frame of the ITMS window, coupled with the fact that iTunes and iTunes Music Store are registered as trade marks in connection with (inter alia) recorded music. He said that the association of the word when it appeared above the display of the Store's contents was a trade mark association in connection with sound recordings, and if that was right then the same must be true of the apple logo which appeared immediately below the word. I do not consider that this assists him. The fact that the word is registered as a trade mark in relation to a particular product does not mean that any given use demonstrates that association. What matters is what actually appears, and the significance of what appears in its context. That is what I have considered above.
96. Part of the material that was urged on me by Computer as demonstrating that the use of the apple logo in the context of the ITMS was not objectionable was that when the store was demonstrated to Mr Aspinall, before its launch, the apple logo was plain to see, its role and position was apparent and yet Mr Aspinall did not object at the time. It is said that he only objected some time afterwards when lawyers, or perhaps the other directors of Corps, pointed it out to him. It is said that if he, as the sole executive of Corps, charged with protecting Corps' position (and alert to challenges to it) did not spot the use of the apple as being an association with the recordings then it is even less likely that the reasonable man would do so. I do not give any real weight to this factor. Mr Aspinall told me that he did not notice the apple and how it

came and went when he had the Store demonstrated to him. I can quite understand that, in the context of a demonstration such as he will have received, and accept what he said. His mind will doubtless have been on other things, quite understandably, no doubt assisted by the fact that it was a demonstration of a product. In the circumstances it is of no significance that he did not notice what he now complains about.

97. Nor do I gain any assistance from the reliance by Computer on what has happened in relation to QuickTime. Computer points out that it has been delivering music via QuickTime without complaint from Corps. The QuickTime player displays on screen with a simulated metal frame of a coloured appearance similar to the iTunes frame. On the Windows versions of the player (but not on Apple versions) an apple logo is displayed in the corner of this frame. The QuickTime website has even contained a promotion of and a link to a Beatles music website, under an arrangement with Corps, and the QuickTime software was used to deliver Beatles music and video content from that site to the end user.
98. Computer seeks to rely on this by saying that QuickTime is software allowing the distribution of music, and the ITMS is also a system for the distribution of music content. There is, said Lord Grabiner, no material distinction between the two. Apple marks are used in the same way in relation to each. The fact that Corps has not complained about, and does not apparently feel able to complain about, QuickTime means it has no legitimate complaint in relation to the ITMS.
99. There are two reasons why this does not really assist me (or Lord Grabiner). The first is that technically speaking the views of Corps as to whether the QuickTime website was or was not a breach of the TMA does not help me to decide whether the ITMS gives rise to breach. Whatever view was formed in relation to QuickTime may be right or it may be wrong, but I have to decide this case on what happens in relation to the ITMS. The second is that in any event the use of Computer's apple marks in relation to QuickTime is not manifestly the same as its use in relation to QuickTime. The QuickTime site presents as a tab within Computer's website. There is a row of tabs running along the top of the screen, notionally dividing the overall site into its constituent parts. The left hand tab is Computer's apple symbol, denoting a home page tab. It stays there at all times while in Computer's site (including when in the QuickTime site, treating the QuickTime element as a separate site for these purposes) so it is visible. It is, however very different in prominence and appearance from the apple logo in the centre of the ITMS display, and ostensibly with a different function (a tab marker) though I suppose it still retains the apple badging of the product. Within the QuickTime pages there are, at least on occasions, a couple of uses of the Apple word mark, but again the whole appearance is different from the ITMS appearance. The use of the logo on the frame might be closer in concept to the apple on the ITMS display, but the overall impression of the player and the logo in context is nonetheless probably different. Thus the service (if it is one) is different; and the use of the apple marks is different. The references to the software and the cross-references to Computer, on the site, and on related sites, is different. Bearing all this in mind, I can take nothing from a failure to object to the use of apple marks in relation to QuickTime, or from the fact that it has been used to deliver Corps' content at the request and behest of Corps.
100. The same sort of consideration prevents Lord Grabiner from getting assistance from another aspect of iTunes, namely the "Radio Stations" heading in the Sources. If one clicks on this a listing of internet radio stations (ie radio stations that stream their content over the web) can be obtained, and one can listen to them by clicking on the appropriate entry. Corps makes no complaint about this, and Computer says that its use of the Apple logo in conjunction with the ITMS is conceptually no different, so if Corps has no legitimate complaint about the display of radio stations then it can have none in relation the store. Once again this does not help much. The question is whether use of the logo in conjunction with the ITMS display offends. Whether or not something else offends, or is complained about, does not assist in the determination of the main question.
101. Much was made by Mr Vos of assertions by Mr Jobs in his presentations to the effect that iTunes and the

ITMS was doing something that Mr Vos identified as special. He said that Computer offered a seamlessly integrated solution, from enabling a purchaser to identify music online, playing a sample, choosing it, paying for it, downloading it, playing it on the computer and if required downloading to and playing it on an iPod, all (except that very last step) within the same visual environment (that is my summary, not Mr Vos's, but it encapsulates his point). The end product was like buying a CD. I have extracted material from a relevant presentation above. That was relied on as demonstrating that the apple marks were used in connection with musical content when the apple logo appeared so prominently at the top of the ITMS window. The material emphasises, and indeed relies on, the link (it is said). Again, I do not accept that as a helpful analysis. It may well be true that Computer was selling this as some sort of end-to-end solution, and that it compared its product favourably with buying a CD, but that is really only marketing-speak. What matters is what it actually did with its mark, and how that would strike a reasonable user.

102. There was a considerable amount of evidence about the format in which the music files are supplied and the encryption involved. During the argument, as I have already indicated, Mr Vos said that this point was relied on not so much as a separate breach but in order to counter submissions made by Computer that Computer was not behaving like a record company but was behaving like a retailer. However, Corps' opening written submissions rely on these technical matters as demonstrating that the recordings are Computer's own downloads, in the same manner as EMI's pressings of CDs were EMIs. It was said to be seeking to associate its mark with "individual recordings of a particular technical quality". It seems to me, therefore, that the file characteristics are relied on as part of the picture which Corps puts together as amounting to a breach of the TMA, and I should deal with the point.
103. It is true that all the music files that ITMS sells are in the same format, as appears above. That is in the end specified by ITMS and is a standard that Computer has decided to adopt. The music files are accompanied by additional material (metadata) which includes such things as track title and the rights attribution. These music files are encrypted. The encryption process does not, as a matter of substance, affect the musical content of the files. It changes the bits that carry the content in the same way that a code applied to a written message changes the characters of the original message, but the music is restored to precisely the same music, encapsulated by precisely the same bits, when the file is decrypted, in the same way as precisely the same text message re-emerges when a coded message is decrypted. In no real sense is the musical content modified, so in no real sense does Computer alter the content. The same is true of the FairPlay wrapper – this is just another encryption and decryption process. So what Computer does is to take a musical recording, in the form of a digital version, and then carry out some technical processes to the file. That is not the sort of activity that a record company or record label, would necessarily carry out in relation to musical content. If it matters it can be brought within Computer's exclusive field of use under the TMA as a "data processing service", but that may not matter. The parallel with pressing is not a genuine one. The activity of encryption is associated with the service of providing data transmission, which is within Computer's field of use. It is not in substance an activity in relation to the creative work (or musical content). It is not a factor which, either singly or taken with other factors, causes the apple mark appearing in relation to the ITMS to go beyond a reasonable and fair use on and in connection with the service and become a use in connection with the creative works. It is, I repeat, a technical matter.
104. Accordingly, none of those factors, taken separately, is in my view a breach of the TMA. However, it is also appropriate to take them together and look at the overall picture, because it is legally possible that the overall picture gives rise to a connection between Computer's marks and the recordings that does not arise out of the separate constituent parts taken separately. This exercise remains one of impression. The overall impression is, in my view, no different from the impression created by each of the separate parts. The overall impression is one of a store which is selling (transmitting) recordings (data), puffing its services and wares and offering some enticing products. The technical qualities of the product are uniform (the Protected AAC format). However, the marks are used on and in connection with the service, and they are still not, in my view, used to "frank" the recordings as well. Computer has not crossed the

line. Alternatively, clause 4.3 permits what has been done for the same reasons as it permits the other activities referred to above.

105. I conclude, therefore, that the use of the apple logo above the ITMS display does not amount to a breach of the TMA.

Advertisements – the four video adverts

106. There is no doubt that Computer's apple logo appears on and in each of the 4 adverts. I have described above how that occurs. In a broad sense it is also true that the mark occurs in connection with recorded music, because one hears recorded music, it is the availability of recorded music that is being advertised, and the apple logo appears at the end of each advert in that context (albeit belatedly). However, for the reasons given above such a simple approach is not the test. I have to consider whether the mark is used to suggest a relevant trade connection with the recorded work, and even if it does then whether it is still permitted if the mark is used in connection with the download service and is a reasonable and fair use which does not go unreasonably and unfairly beyond it.
107. What matters is the overall effect, though to see that it is necessary to chart the progress of the advert. The last three adverts (ie those other than "My Generation") all start with a large chunk of content, and then have a textual reference or references to the performer, the album and "iTunes". In some cases those references are split into two textual screens with the performer(s) appearing in between. In two cases (U2 and Eminem) there is also a visual reference to the iPod (stronger in the former than in the latter). It is plain that the dramatic music and visual presentations are intended to link to the availability of the music on "iTunes", which I consider the reasonable and appropriately experienced viewer would take to be a reference to the music store, with a further reference to the desirability of downloading to an iPod in the U2 and Eminem adverts. That is well-established by the end of the advert. At the end of the advert the apple logo then appears. I think that the correct perception of this is that this is a reference to the service that has been advertised a few seconds before, and (where there has been a reference to the iPod) to the iPod as well. That is reinforced in the case of the Coldplay advert by the fact that "iTunes.com" appears on the screen with the logo. I do not think that this logo would be taken as providing a trade association with the creative works at all, or if there is one it is one which is provided only via the delivery service, which is what the TMA permits (clause 4.3).
108. The analysis of the "My Generation" advert is slightly different, though the result is the same. Unless it is advertising an iPod, it is not apparent what the product is at all until the first text screen. That screen makes it clear that "songs" are being offered for sale, and probably for adding to an iPod, but it is not clear how. However, when one gets to the last screen it becomes apparent how – they are being offered by "applemusic.com", which is plainly associated with Computer by the conjunction of the logo and the use of the word "apple" as part of the website title. So the message is about the sale of songs. "Applemusic.com" makes it plain where one can find the vendor. The average viewer (with the attributes identified above) will realise that this refers to the download service; even the less astute will nevertheless know that one goes to a website to find out where to get the music from. In each case the apple mark is associated with the web address which is in turn associated with the downloading service. This is again therefore use in connection with the permitted Computer field of use and is permitted by the TMA, either because it is not a use in connection with the underlying creative work (which in my view it is clearly not, in this case) or if there is a connection with the underlying work clause 4.3 prevents there being a breach because the reference is no more than is reasonable to refer to the download service.

The static advertisements

109. I have described a sample of these above. The main thrust of the sample is to advertise the iPod (which is hardware within Computer's exclusive field of use) and no point is taken about the apple logo used in

conjunction with that. There is, however, a reference to the ITMS. Nevertheless there is, I find, no breach in respect of this use. The link between the logo and the references to the store is implicitly there but it is probably less than on the video adverts. In any event, the only possible link between the logo and musical recordings is via that link. The association between the logo and the download service is a proper one. The primary reason there is no breach is because there is no use of the logo in connection with recorded music for the purposes of the TMA – there is no association by way of trade within that agreement. However, even if I am wrong about that the use is still a permitted use within the regime of clause 4.3 – it is a use which permissibly associates the logo with the service, and it does not go beyond what is reasonable and fair in order to achieve that.

E-mail advertising

110. This claim fails for the same reason that the other claims fail. The association is between the apple logo and the store, and either it is not used in connection with the recorded music or it is a permissible reference to the data transmission service within clause 4.3.

Conclusion

111. In the circumstances I find that no breach of the TMA has been demonstrated. The action therefore fails.

Republished free of charge, acknowledging the [Crown's copyright claims](#)



Injury Claim?

Find out how much your settlement could be worth.

[eClaimInjury.com](#)

Car Accident Injury?

You may qualify for compensation. Find Out Today!

[eClaimInjury.com](#)

Need a New Take?

Read FindLaw's Supreme Court Blog To Get the Freshest Updates Now!

[blog.findlaw.com/supreme-court](#)

Legal News

-

• News Topics

- [Home](#)
- [US Supreme Court](#)
- [Business](#)
- [Civil Rights](#)
- [Commentary](#)
- [Crime](#)

- [Entertainment](#)
- [Environment](#)
- [Immigration](#)
- [International](#)
- [Labor & Employment](#)
- [Personal Injury](#)
- [Politics](#)
- [Product Liability](#)
- [Sports](#)
- [Tech & IP](#)
- [Weather](#)

- **News Blogs**


- [CourtSide](#)
- [Legal Grounds](#)
- [FindLaw's Blotter](#)
- [More Blogs...](#)

- **News Features**


- [Hot Documents](#)
- [Special Coverage](#)
- [The Spin Room](#)

- **News Wires**

- [Reuters](#)
- [Associated Press](#)



Enjoy fresh selection
& friendly service!



\$1.97
With Card

M&M's Candy

Hover for ad

Valid until Mar 22

Learn More About

- [Legal Topics](#) /
- [State Laws](#) /
- [Bookshelf](#) /
- [Blogs](#) /
- [FindLaw RSS Feeds](#) /
- [Sitemap](#) /
- [Geography Sitemap](#) /
- [FindLaw En Español](#) /
- [LawBrain](#) /
- [FindLaw UK](#) /
- [FindLaw Mobile](#)

Find a Lawyer

- [Browse by Location](#) /
- [Browse by Legal Issue](#) /

- [Search by Name](#)

Find Answers

- [FindLaw Answers](#) /
- [Community Guidelines](#)

Get Legal Forms

- [Visit our Legal Forms site](#)

For Lawyers

- [Visit our professional site](#) /
- [Edit your legal profile](#) /
- [Website development](#) /
- [Advertise on our site](#)

About Us

- [Company History](#) /
- [Media](#) /
- [Contact Us](#) /
- [Privacy](#) /
- [Terms](#) /
- [Disclaimer](#) /
- [Advertising](#) /
- [Jobs](#)

Find Us On

- 
- 
- 
- 

Copyright © 2016 FindLaw, a Thomson Reuters business. All rights reserved.
Webby Awards Time 50 coolest websites

Are you a legal professional?

Online Marketing Solutions

- [Attorney Websites](#)
- [Lawyer Advertising](#)

More About Legal Marketing

- [Search Engine Marketing PDF](#)
- [Consumer Insights PDF](#)

-