

O/269/12

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2519778
BY GERALD PALMER
TO REGISTER THE TRADE MARK**

THE ENID

**AND THE OPPOSITION THERETO UNDER NO. 99711
BY ROBERT JOHN GODFREY**

AND

**IN THE MATTER OF APPLICATION NO. 2530260A
BY ROBERT JOHN GODFREY
TO REGISTER THE TRADE MARK**

THE ENID

**AND THE OPPOSITION THERETO UNDER NO. 100227A
BY GERALD PALMER**

Background and the issues in dispute

1. On 29 June 2009, Gerald Palmer applied to register as a trade mark

The logo for 'THE ENID' is displayed in a bold, black, serif font. The letters are closely spaced, and the 'E' and 'N' are particularly prominent. The logo is centered horizontally.

application number 2519778, for the following goods and services:

Class 09: *Pre-recorded music CDs (compact discs), downloadable electronic music, sound files, digital music.*

Class 25: Clothing, footwear, headgear.

Class 41: Entertainment services; live performances/concerts/tours.

Classes 25 and 41 were deleted during the course of these opposition proceedings; the application is therefore now in respect of the class 9 goods only.

2. On 30 October 2009, Robert John Godfrey applied to register THE ENID as a trade mark under number 2530260 for the following goods and services:

Class 09: *Musical sound recordings; records; video recordings featuring music; downloadable musical sound recordings; downloadable video recordings featuring music; digital music and videos; apparatus for recording, transmission or reproduction of sound or images.*

Class 25: *Clothing; footwear; headgear.*

Class 41: *Entertainment services; music publishing services; live musical performances; production of musicals, concerts and films; provision of musical compositions; organisation of musical performances; management of live shows and live performances; non-downloadable musical sound recordings and videos.*

3. The application was subsequently divided into parts A and B, part A being in respect of:

Musical sound recordings; records; downloadable musical sound recordings; digital music.

Only part A (2530260A) is relevant to these proceedings (part B has proceeded to registration).

4. Mr Palmer's application was published in the *Trade Marks Journal* on 7 August 2009. On 2 November 2009, it was opposed by Mr Godfrey on the grounds that registration would be contrary to sections 3(6), 5(4)(a) and 5(4)(b) of the Trade Marks Act 1994 ("the Act")¹. Section 3(6) of the Act states:

¹ A further ground, under section 60 of the Act, was withdrawn just prior to the hearing.

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

Mr Godfrey claims that THE ENID is a professional band name, trading style and unregistered trade mark created, used and owned by Mr Godfrey since 1974 and that all of the band’s trading activities since that date have been carried out under that name. Mr Godfrey claims that the name has become widely and internationally known through his efforts over the last 35 years and that it is effectively synonymous with him. He claims that he has had a business relationship since at least 2001 with Mr Palmer, who is the proprietor of a record label and who has acted, through one or more of his businesses as the record label for THE ENID. Mr Godfrey states that at no time during his relationship with Mr Palmer, whether impliedly or explicitly, has he agreed that Mr Palmer owns or is entitled to apply to register the band’s name. Mr Godfrey claims that he has made it clear to Mr Palmer that the latter is not entitled to own or apply for the name THE ENID in respect of any goods or services and therefore the application was made in bad faith.

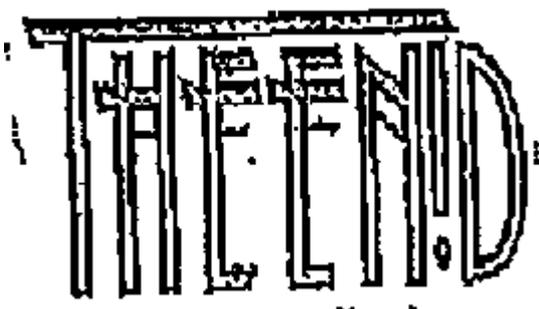
5. Section 5(4) of the Act states:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade”, or

(b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.”

Mr Godfrey claims, under section 5(4)(a), that he has generated a substantial goodwill in the name THE ENID (repeating the claims about the name being synonymous with his own name). Mr Godfrey claims that Mr Palmer’s application constitutes a misrepresentation to the public, leading, or likely to lead, the public to believe that Mr Palmer’s goods are those of Mr Godfrey, inevitably leading to damage to Mr Godfrey’s goodwill and reputation in the name THE ENID. The sign upon which Mr Godfrey relies is:



which he states was first used in the UK in 1974 and has been widely used throughout the UK on records and other musical recordings, on merchandise such as T-shirts and articles of clothing, in relation to musical performances and in relation to the activities of a musical group.

6. Under section 5(4)(b) of the Act, Mr Godfrey claims that, in 1997, he created "THE ENID logo" for which Mr Palmer has applied. Mr Godfrey states that he owns the copyright and any design right in the logo and is entitled to prevent Mr Palmer registering the logo under the law of copyright and/or design right.

7. Mr Godfrey's application (2530260A) was published on 27 November 2009 and opposed by Mr Palmer on 1 March 2010 under sections 3(6) and 5(2)(a) of the Act. Under section 5(2)(a), Mr Palmer relies upon his trade mark application 2519778, as set out above. Section 5(2)(a) of the Act states:

"(2) A trade mark shall not be registered if because –

(a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or

(b) [...]

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark."

8. Under section 3(6) of the Act, Mr Palmer claims that Mr Godfrey's application was made in bad faith because Mr Godfrey has never commercially released musical sound recordings, records, downloadable musical sound recordings or digital music. In a continuation sheet attached to the notice of opposition, Mr Palmer goes on to say that he has had a business relationship with Mr Godfrey since at least 2001 and that he is the proprietor of a record label(s). He states that he has acted, through one or more of his businesses, as the record label for THE ENID. Mr Palmer claims that he has exclusively released CD recordings by The Enid for the last nine years and that it is his understanding that Mr Godfrey has never released a CD recording by The Enid. He claims that, on 29 August 2008, he and Mr Godfrey entered into an agreement entitled the „Master Recording Buyout Agreement'. Mr Palmer attaches a copy of part of this agreement. I will not comment on the agreement here, as both parties have filed it in their evidence, save to note that Mr Palmer's continuation sheet specifically picks out part of the agreement which he claims gives him all the rights needed to protect and exploit the recordings including but not limited to the use of artwork and logos:

"4.1 You [i.e. Mr Godfrey] acknowledge and agree that you will assign to us full copyright and title guarantee and similar rights in all original record artwork.

5.3 You irrevocably give to us, our successors, assigns and licensees, in respect of all Masters, Records and your services under this agreement, all consents under the Copyright Designs and Patents Act 1988 and all other

laws now or in future in force in any part of the Territory, which may be necessary or desirable for the fullest exploitation of your services, Masters and Records.

5.5 You give to us, our successors, assigns and licensees the exclusive right to use your name(s), professional name(s), and photographs, likenesses and biographical material, in connection with exploitation of Masters and Records made or acquired under this agreement.”

9. Both Mr Palmer and Mr Godfrey filed counterstatements. Mr Palmer’s counterstatement repeats clauses 5.3 and 5.5 of the agreement, as set out above and his statement about his use of the mark (he says “by ourselves”) for the last nine years. He also says that “We” entered into a rolling agreement on 1 July 2001 with Mr Godfrey to manufacture, sell, license and distribute recordings by The Enid; either party could choose to end the agreement with three months’ notice. The recordings have been advertised for sale at “our own” Inner Sanctum Recordings website. Mr Palmer goes on to give details of The Enid CD distribution retailers, such as Amazon and HMV. Mr Palmer states that the 1 July 2001 agreement was superseded and formalised on 29 August 2008 by the Master Recording Buyout Agreement which “we” entered into with Mr Godfrey. He says that “we” paid a non-recoupable advance of £10,000 to secure in perpetuity all back catalogue titles and compositions by The Enid. Mr Palmer states that the agreement is for the world and for life of copyright and specifically covers all physical (CDs) and non-physical (digital) exploitation of the copyrights together with ownership and subsequent use of the artwork.

10. Mr Godfrey denies that the application has been made in bad faith as alleged in Mr Palmer’s opposition or in any other way. He denies Mr Palmer’s claim that he has never commercially released musical sound recordings, records, downloadable music sound recordings or digital music and states that he has released musical sound recordings. Mr Godfrey admits he had a business relationship with Mr Palmer which started in about 2001, and that Mr Palmer is the proprietor of a record label(s) and that Mr Palmer through one or more of his businesses acted as record label for The Enid (Mr Godfrey claims all of these facts in his own opposition statement of case). Mr Godfrey repeats, in his counterstatement, the claim made in his opposition that the band has been known under the name THE ENID since 1974 and that, through his efforts, it has become internationally known, immediately identifiable and effectively synonymous with him.

11. Mr Godfrey admits that he and Atlantic Motion Ltd signed a document entitled „Master Recording Buyout Agreement’ (“the Agreement”) dated 29 August 2008 but he denies that the Agreement gives Mr Palmer any valid ground to oppose his application. He states that he explicitly terminated the Agreement on 2 November 2009. Mr Godfrey denies that Mr Palmer has exclusively released CD recordings by The Enid for the last nine years and states that he has released CD recordings relating to The Enid. Finally, Mr Godfrey refers to the fact, in relation to Mr Palmer’s section 5(2)(a) ground, that he has opposed the earlier right upon which Mr Palmer relies, making no admission as to its validity or relevance to the proceedings.

12. The proceedings were consolidated by the Trade Marks Registry. Both parties filed evidence and I heard their representatives' submissions at a hearing on 21 March 2012. Mr Palmer was cross-examined at the hearing. Mr Godfrey was represented by Mr Andrew Norris of Counsel, instructed by Harrison Goddard Foote, Mr Godfrey's trade mark attorneys. Mr Palmer was represented by Mr Steven Kalidoski, who is one of his employees.

Evidence

13. Messrs Godfrey and Palmer have both filed two witness statements each. Additionally, Mr Godfrey relies upon a witness statement from Richard Taylor, who is a solicitor in the music industry. Mr Taylor's evidence is in the nature of „expert evidence'² purporting to give views on the construction of the MRBA agreement (see below). Mr Norris did not refer to it at the hearing and it plays no part in the decision I must reach; as Mr Norris said, interpretation of the agreement is a matter for the Tribunal. Hence, I do not include Mr Taylor's evidence in the evidence summary.

Mr Godfrey's evidence

14. Mr Godfrey states in his first witness statement (15 October 2010) that he is a professional musician, the founder and only surviving original member of The Enid. He created the name and the logo and that all the goodwill in the band generated through its activities is owned by him. Mr Godfrey states that he has always been the leader of the band, the line-up of which has changed over time. He refers to himself as the “captain of the ship” and the “creative force behind it”. He refers to a comment made on BBC Radio 1 in 1982 by the DJ Tommy Vance, who said:

“Robert John Godfrey is to my mind one of the greatest composers this country has ever had.”

15. Mr Godfrey sets out the history of The Enid and his involvement with the band in some detail. The band was formed by Mr Godfrey and two friends in 1974 and Mr Godfrey decided upon the name The Enid (after his Great Aunt Enid). He states that it is a „progressive rock' band which has toured and played internationally since 1974. Mr Godfrey states that although the line-up has changed considerably, it has always been clear to existing and departing band members that he owns the goodwill in The Enid and none of the former band members has ever made any claim to the goodwill.

16. The Enid's fortunes have fluctuated over the years, but it has a “substantial and loyal fan base”, with a fan club called The Enidi with around 2000 members. Having previously been signed to Pye Records, The Enid formed its own label in 1983 and issued its own records under the mark The Enid, the first album being called „Something Wicked This Way Comes'. Prior to this, four albums were released, in 1976, 1977, 1978 and 1979. A total of 22 albums, 12 singles and 11 special and fan club releases were issued up to and including 2009.

² Filed prior to the issue of the Registrar's practice direction, Tribunal Practice Notice 2012, which states that permission must be sought from the Registrar before filing such evidence.

17. The band appears to have been at its most active between 1974 and 1988. Some examples are given of press coverage³ in e.g. Sounds Magazine (1977), qMagazine (1989) and 1993, Keyboards Mag (1990). The last of the original members left in 1998 and Mr Godfrey was left as sole proprietor. The original partnership having come to an end, he had tried to restart the band between 1993 and 1999, performing a few low-key shows. The original records were still selling in the UK and internationally and there was still a loyal fan base, but between 2000 and 2009 The Enid did not release any new material. Towards the end of this period, Mr Godfrey states that, as he recovered from a series episode of depression, he realised that there was still a demand for The Enid's music (which he composed) and he began again to write for the band. In 2010 (the year after the date Messrs Godfrey and Palmer applied for their respective trade marks), the band released its first major studio album for 13 years, called „Journey's End' and appeared on various TV and radio shows including the BBC. In August 2009 (exhibit RJG2), The Enid was reviewed in a magazine called Classic Rock, which referred to Mr Godfrey as "the mainman"; The Enid's "unique position in progressive music"; "the elegant eccentricity of Godfrey is still in evidence throughout the album [„Arise and Shine']...now that Godfrey has publicly declared his five-year plan for the band, this is merely the beginning of a new era"; "it has been a long time – 1988, in fact- since The Enid were a going concern. So tonight, among loyal fans who have been waiting for this for years, it feels like a homecoming" (undated concert sometime before August 2009 at Bush Hall, London). The magazine's online blog ran an article on The Enid on 6 July 2010 in which it called The Enid "a cult hero" and referred to Mr Godfrey as having been the principal spokesman for the band since its inception.

18. Mr Godfrey states that in 1997 he designed the logo, which Mr Palmer has applied for as a trade mark, because he felt that it was time the band had a permanent and definitive logo. He states that he created it himself using graphics software called CorelDraw, designing the font from scratch. Drafts of the font (but not the complete logo) are shown in exhibit RJG12. Mr Godfrey states that the logo was first used on posters promoting a show in Northampton on 30 November 1977. Exhibit RJG13 shows the logo on the album cover for „Tears of the Sun' released in 1999 and on a poster for a concert in Rickmansworth in July 1998, as shown below:

³ Exhibit RJG1.

THE ORB MEETS PINK FLOYD MEETS THE BERLIN PHILHARMONIC

Timeout

THE ENID

POWER
ROMANCE
SUBVERSION



The Enid are the only band on the planet who have successfully fused rock based music with the power, dynamics and scale of symphonic classical music.

They are the absolute masters of their art and their achievements over more than twenty years of creative work set them apart from everything else which calls itself "progressive".

The Guardian 1995

"... Hugely powerful, romantic ..."

Music Week

Why hasn't this courageous and creative band had the recognition they so richly deserve?

Alan Freeman

"I believe Robert John Godfrey is quite simply the greatest art rock composer this country has ever had."

Tommy Vance (Radio One)

Sun 12th July
Doors @ 7:00pm
Tickets £12.00

The Watersmeet Theatre
High St
Rickmansworth
Herts
WD3 1HJ
Box Office &
Credit Card Booking
(01923) 771542

19. Mr Godfrey states that since the band's revival in 2009 he has used the logo on every tour poster, record advertisement and tour advertisement. He states that he owns the copyright and has never assigned it to anyone; he has consented to the use of the logo under licence, but has never "given any of [his] rights in THE ENID away". He says:

"Clearly I have granted licences, that is the only way to enable commercial exploitation of the band's music."

20. Whilst The Enid had its own label, it entered into various distribution deals. In the late 1990s, Mr Godfrey states that he was the sole band member, managing its affairs and acting as record label and distributor. He then met Mr Palmer and entered a business relationship with one of his companies in 2001/2, when Mr Godfrey was running the band's affairs by himself. Mr Palmer and Mr Steve Kalidoski contacted Mr Godfrey in 2001 to offer to deal with the distribution and sale of CD stock acquired from The Enid's previous record label (Newt Records/Mantella). Mr Godfrey states that Mr Palmer has significant experience managing musical artists and that he owns several music companies; he refers to Mr Palmer having an interest in Atlantic Motion Limited, Adasam Limited, Heavy Truth Music Publishing Limited and InnerSanctum Records.

21. Mr Godfrey states that he and Messrs Palmer and Kalidoski (who he refers to as a manager in Mr Palmer's various record businesses) entered into a contract entitled „Recording Heads of Agreement"⁴. Mr Godfrey states that the parties to the agreement were Mr Palmer on behalf of Adasam Limited and Mr Godfrey on behalf of The Enid. The agreement is dated 1 July 2001 but Mr Godfrey states that he did not sign it until 24 April 2002. He states that the 1 July 2001 date probably reflects when the agreement was prepared and that it was not amended when he signed it. The agreement was later terminated on 12 August 2010 as a result of the breakdown of his relationship with Mr Palmer; details of the termination are given later in this evidence summary. Page 1 of the agreement refers to CDs and royalty payments and the terms of the agreement; it was an exclusive licence to run for an initial period of twelve months, continuing to run until three months' written notice was given by either party. Page 2 is shown below:

⁴ Exhibit RJG15.

		Any payments which are due will be paid by issuing one cheque to the nominated recipient.
Licensing and Assignment :		We have the exclusive right to assign the benefit of this agreement and to licence and compile.
Name and Likeness :		You give to us, our successors, assigns and licensees the exclusive right to use your name(s), professional name(s), and photographs, likenesses and biographical material, in connection with exploitation of Masters and Records made or acquired under this agreement.
Samples :		You confirm no uncleared samples are included in the master(s).
Mechanical License And Royalties :		You warrant that we will be able to obtain without delay a mechanical license throughout the territory for compositions embodied in all master(s) under this agreement at the usual industry rate for the UK and the applicable statutory rate for other countries. In the case of USA and Canada, no more than ¼ statutory minimum rate.
Miscellaneous :		For the avoidance of doubt, we confirm we have no interest in publishing of these masters. Therefore, any mechanical royalty payments will be made to the appropriate licensing organisation at the prevailing rate in the territory of manufacture.

You acknowledge that as the legal owner of this master you have the consent and authority to sign on behalf of the other writer(s) and performer(s). If this reflects your understanding of our agreement please both sign and date, together with a witness where indicated below

Kind regards



Gerald Palmer
for Adasam Limited

SIGNED by Robert John Godfrey



DATE 24/4/02

Witnessed in the presence of



Full name of witness (Capitals)

John Rex

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22. Mr Godfrey states that on 29 August 2008 he entered into a second agreement with Mr Palmer, called the „Master Recording Buyout Agreement’ (this is the agreement referred to in both parties’ respective notices of opposition and counterstatements). I will call this the MRBA. In Mr Godfrey’s evidence, it is exhibit RJG16. Mr Godfrey states that the parties to the MRBA were Mr Palmer acting on behalf of his company Atlantic Motion Limited and Mr Godfrey acting on behalf of The Enid. Mr Godfrey says:

“My sole motivation for entering into the MRBO Agreement was to bring to fruition my interest in rejuvenating THE ENID, which due to my poor health had not released new material for a while. I was interested in touring in conjunction with producing a new album but did not have the funds to support my vision. Accordingly, I entered into the MRBO Agreement to provide a stream of funding to support my activities to promote THE ENID. As far as I was concerned, the MRBO Agreement gave Atlantic Motion the copyrights

and similar rights (i.e. performance rights), in the recordings listed in Schedule A to that agreement.”

23. Mr Godfrey records that he was less than satisfied with the progress, following the signing of the MRBA, of the tour and promotional arrangements he felt that Mr Palmer should have been making. Mr Godfrey decided to appoint a new band manager, Mr Ian Eardley. His second witness statement records that this happened in March 2009. He says that this event turned out to be a significant factor in the demise of his working relationship with Mr Palmer and that he decided not to involve Mr Palmer in any future band projects which were not covered by the MRBA.

24. Mr Godfrey states that it was “around the time of the signing of the MRBO Agreement” that Mr Palmer first raised the issue of registration of THE ENID in his name. Exhibit RJG17 is a letter sent by Mr Godfrey to Mr Palmer, dated 10 September 2009, as a record of a recent meeting. The meeting is also referred to in Mr Palmer’s evidence and, at the hearing, both parties agreed that privilege had been waived. The letter says:

“In August 2008 you notified me that you wished to acquire ownership of trademark “The Enid”. I told you you may not. Nevertheless you went ahead and applied for a wide-ranging ownership of the trademark in June of this year without consulting me. The Enid logo which forms part of your application is my copyright and you [sic] application infringes it.”

The MRBA was signed on 29 August 2008. Mr Palmer told Mr Godfrey that he thought this was necessary to protect the band’s name as there was a band in Germany called Enid. Mr Godfrey says:

“He informed me then and later informed the band’s solicitor, Mr Leonard Lowry, that his interest was purely benign and motivated by a desire to protect me. I made it perfectly clear to Mr Palmer at that time that I was staunchly opposed to registration of THE ENID logo in his name.”

25. Mr Godfrey also says:

“I strongly believe that if Mr Palmer genuinely believed that the MRBO Agreement transferred my trade mark rights in THE ENID to him, he would not have felt the need to ask me for my permission to register the trade mark, but rather he would have gone ahead and done so.”

26. Mr Godfrey states that, after he had expressed his objection to Mr Palmer in relation to the latter registering the trade mark in his name, during the same conversation Mr Palmer suggested, as an alternative, that they both register THE ENID as a trade mark in both of their names. Mr Godfrey records that he again strongly expressed his opposition and lack of understanding as to why such registration would be necessary. The letter of 10 September 2009 says that the rights given in clauses 5.3 and 5.5 of the MRBA ought to render unnecessary any need for Mr Palmer to feel the need to own the band’s trade mark. Further,

“Whilst I [Mr Godfrey] would wish to give you all the conceivable protection you need to protect your interests I do not understand why you need to own our name. For this reason the current application will strenuously [sic] opposed and instructions to the band’s solicitors have been given to this [sic] affect.

As a precaution, a counter application by the band will be put in progress.”

Mr Godfrey states:

“The fact that Mr Palmer suggested that we should register the mark jointly further supports my opinion that Mr Palmer knew that he did not have any claim to the trade mark THE ENID at the time he filed his current Application. Rather, it demonstrates that Mr Palmer knew that I was the rightful owner of the trade mark.”

27. Mr Godfrey refers to Mr Palmer’s reliance on clauses 4.1, 5.3 and 5.5 of the MRBA in the latter’s opposition and counterstatement and says:

“The fact is that the MRBO Agreement does not entitle Mr Palmer to own the trade mark or any goodwill in THE ENID. The MRBO Agreement permits Atlantic Motion Limited to use THE ENID trade mark under a licence for any Masters and Recordings produced under the Agreement and such use does not in any way amount to ownership of the trade mark.”

28. The first two pages of the MRBA are reproduced below: they include the three clauses referred to above. The remaining pages refer to warranties, general provisions, definitions, signatures and a schedule of recordings. ‘Artist’ is defined as The Enid, Robert John Godfrey and any other professional name previously used.

To : Robert John Godfrey
The Lodge Recording Studio
23 Abington Square
Northampton
NN1 4AE

From : Gerald Palmer
Atlantic Motion Limited
The Allbrite Building
Darleydale Road
Corby
Northants
NN17 2DE

(Referred to as "you")

(referred to as "we/us")

Date : 29th August 2008

Dear Robert

Master Recording Buyout Agreement

Following our recent discussions, we write to set out the terms agreed in relation to the buyout of master recordings. When signed by both you and us, this letter will form a binding agreement.

1. **Artist**

1.1 The Enid, Robert John Godfrey and any other professional name previously used prior to date.

2. **Master Recordings/Tracks and Albums**

2.1 See Schedule A. This schedule may not be exhaustive and includes but is not limited to the list of titles.

2.2 For avoidance of doubt, to include all master recordings by artist, whether released or not, on all formats, prior to date but excluding partly recorded new album with provisional title 'Far Out'

3. **Formats/Record**

3.1 All known formats already in existence and developed now or in the future – Record, CD DVD, minidisk, vinyl, cassette, digital and electronic download.

4. **Artwork**

4.1 You acknowledge and agree that you will assign to us full copyright and title guarantee and similar rights in all original record artwork.

5. **Rights**

5.1 You acknowledge and agree that (and, you will deliver to us completed Masters, which you will assign to us with full title guarantee) all copyright and similar rights, whether existing now or at any time in the future, throughout the Territory, and whether vested, contingent or future, in all Masters and Records (whether or not released) and other recordings made or acquired under this agreement, will belong to us absolutely from commencement of their recording for the full period of copyright (and all renewals, extensions and reversions) throughout the Territory. We and our successors, assigns and licensees will have the sole and exclusive right to exploit the same (or refrain from doing so), in all media and by any means, throughout the Territory for the full period of copyright. We (and any third party authorised by us) may mix, re-mix or otherwise alter all or part of any Master, and/or combine the same with any other recordings, in our absolute discretion, and the copyright and all similar rights therein will belong to us.

5.2 You warrant that we will be able to obtain (and you will procure that we are granted), without delay, an exclusive mechanical licence throughout the Territory for all compositions embodied in all Masters under this agreement, at the usual industry rate for the UK, but for Canada and USA at no more than three-quarters of the applicable statutory minimum rate (with a maximum of ten (10) tracks per album and two (2) tracks per single).

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5.3 You irrevocably give to us, our successors, assigns and licensees, in respect of all Masters, Records and your services under this agreement, all consents under the Copyright Designs and Patents Act 1988 and all other laws now or in future in force in any part of the Territory, which may be necessary or desirable for the fullest exploitation of your services, Masters and Records.

5.4 You irrevocably and unconditionally waive all moral and similar rights which you may now, or at any time in the future, have in any part of the Territory in relation to Masters and Records under this agreement

5.5 You give to us, our successors, assigns and licensees the exclusive right to use your name(s), professional name(s), and photographs, likenesses and biographical material, in connection with exploitation of Masters and Records made or acquired under this agreement

5.6 We will own the copyright (and all renewals, extensions and reversions) and all other rights in all promotional and other videos made by us or on our behalf under this agreement, and may use and exploit them as we see fit, in all media and by any means, throughout the Territory for the full period of copyright

Territory

6.1 The World and Universe.

Term

7.1 Perpetuity – life of copyright and all extensions and renewals.

Royalties

8.1 Will be 16% of royalty base price.

Licensing Advances

9.1 You will receive 50% of any licensing advances, subject only to recoupment.

Packaging Deductions

10.1 None

Payment

11.1 One off payment of £10,000.00 (ten thousand pounds) for the outright purchase of all recordings as defined in clause 2 Schedule A 'Master Recordings/Tracks and Albums' upon signature

11.2 For avoidance of doubt, this payment is not recoupable from any future royalties as defined.

Accounting & Payment

12.1 We will account to you for royalties (if any), and send you a royalty statement, twice yearly within ninety (90) days of the end of June and December in each year (except where the amount shown as due is less than £100 (one hundred pounds), in which case they will be reserved until the aggregate amount due exceeds that figure). Any payments which are due will be paid by issuing one cheque for the benefit of Band Therapy Limited.

12.2 All sums payable to you under this agreement are exclusive of VAT, which we will pay in addition, where applicable, on receipt of your valid VAT invoice.

and all other receipts

Handwritten signature
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29. Mr Godfrey says he is upset by Mr Palmer's claim that his trade mark application for his „own band logo' is in bad faith (in fact, Mr Godfrey's application is for the plain words THE ENID): Mr Godfrey denies this and says it is the mark of his band and has been since he came up with the name over 35 years ago. Mr Godfrey states that at no time during the years leading up to Mr Palmer's trade mark application did any of the record/distribution companies with which The Enid was contracted raise the issue of registering THE ENID under their own names; he states that he would never have consented to such registration and has always considered it to be the case that he owns the trade mark: it is his band and his logo.

30. The remainder of Mr Godfrey's statement is taken up with the history of a dispute over domain name re-direction and ownership transfer involving a website owned by Mr Palmer, called theenid.com, and a website owned by Mr Godfrey/the band called theenid.co.uk.

31. Mr Godfrey ends his statement with the following:

“Under the MRBO Agreement Atlantic Motion Limited had a licence to use the trade mark for Masters and Recordings created under the Agreement only. It is simply unfair and disingenuous for Mr Palmer to now try to register THE ENID trade mark behind my back in his own name.”

Mr Palmer's evidence

32. Mr Palmer begins his first witness statement (dated 20 May 2011) with the following statement:

“The trade mark The Enid was first used in the United Kingdom in the year 2001 by Adasam, a Limited company wholly owned and controlled by myself, Gerald Palmer.”

Mr Palmer goes on to refer to the Recordings Heads of Agreement contract of 1 July 2001⁵ (also referred to in Mr Godfrey's evidence, although Mr Godfrey's copy at exhibit RJG15 shows his signature as dated 24 April 2002, whereas in Mr Palmer's evidence it is dated 21 April 2002). He says this agreement was to allow Adasam Limited exclusively to manufacture, distribute, sell and license albums (listed in Schedule A to the agreement) by The Enid, with the 12 month initial period and three months' written notice of termination by either party. Mr Palmer states that this agreement was subsequently superseded by the „Master Recording Buyout Agreement', the MRBA referred to in Mr Godfrey's evidence, part of which is reproduced above⁶. Although both Messrs Godfrey and Palmer have stated that the 2001 agreement was „superseded' by the 29 August 2008 MRBA, Mr Palmer provides a letter (Exhibit GPO9) from Mr Godfrey to Adasam Limited dated 12 August 2010 terminating the 2001 agreement with three months' notice.

33. Mr Palmer states that the MRBA:

⁵ Exhibit GPO1.

⁶ The MRBO in Mr Palmer's evidence is numbered as exhibit GPO2.

“...assigned ownership and the copyright in all Masters and Records (whether or not released) by The Enid to myself. Robert John Godfrey received an advance of £10,000 from me (not recoupable from future sales) and an increased royalty rate.”

Mr Palmer states that shortly after the MRBA was signed, he discovered that there were other artists using the name „Enid’ and that this was causing confusion on Amazon. Mr Palmer exhibits a print of a comment on Amazon dated 28 May 2010 from a customer⁷:

“I bought this item because I saw it listed with The Enid’s music (i.e. The real Enid led by Robert John Godfrey) and was intrigued. As I am familiar with The Enid’s back catalogue, I was aware that it could not be one of theirs, but still thought it worth a try. I listened to it once but was unimpressed. Don’t waste your time and money on this if you like The Enid, but if you want German pop-rock, buy Kraftwerk instead”.

34. Mr Palmer refers to Ian Eardley’s appointment as band manager after the MRBA was signed; in his view, Mr Eardley was out of his depth, gave poor advice to Mr Godfrey and was a significant factor in the demise of his relationship with Mr Godfrey. Mr Palmer states that shortly after Mr Eardley’s appointment, Mr Godfrey began making digital downloads freely available, in breach of the MRBA. Later in his witness statement, Mr Palmer states that Mr Godfrey has been making CDs and offering free downloads since 10 September 2009, the date on which he threatened opposition to Mr Godfrey’s application. Mr Palmer states that, having exhausted non-legal resolution of this situation, he instructed his solicitors to write to Mr Godfrey to put him on express notice of Mr Palmer’s rights. Exhibit GPO5 is a copy of the letter sent to Mr Godfrey on 10 February 2010, which refers to the assignment of copyright in the recordings (it does not mention trade mark rights). Mr Palmer says:

“In order to protect my legitimate business interests and as I felt my position was being made untenable (and since I was also of the firm belief I had the unencumbered rights to do so) I made an application to register the Trade Mark „The Enid’ in June 2009.”

35. Mr Palmer states that Mr Godfrey is not the only surviving original band member, a Dave Storey also being an original member, and that all the current band members are credited as both songwriters and performers on the latest album, Journey’s End (released after the dates of the trade mark applications). Mr Palmer says it begs the question as to why Mr Godfrey feels he is in a position to apply for the sole use of the trade mark in classes 9, 25 and 41 (only class 9 is opposed by Mr Palmer) when it can clearly be demonstrated that he is not (or ever has been) the sole member of The Enid.

36. Mr Palmer states that he has exclusively manufactured, distributed and offered for sale CD and digital recordings by The Enid on the Inner Sanctum record label imprint for the last 9 years prior to 10 September 2009. A selection of CDs is

⁷ Exhibit GPO4.

included in exhibit GPO10. Sales (and advertising) figures range from £79.98 (advertising £0) in 2001 to £3,730.11 (advertising £950) in 2009.

37. The remainder of Mr Palmer's first witness statement contains information about the Inner Sanctum record label and the website theenid.com. He ends with a statement that it is his understanding that Mr Godfrey has not released a CD recording by The Enid "for at least the last 18 years".

Mr Godfrey's second witness statement

38. Mr Godfrey's evidence in reply to Mr Palmer's evidence is by way of a witness statement dated 21 September 2011. He reiterates some of the content from his first statement. In relation to Mr Palmer's statement that, shortly after the signing of the MRBA, he discovered other bands were using the name Enid, Mr Godfrey states that, in fact, Mr Palmer knew of this in 2002/3. Exhibit RJG22 includes copies of an email exchange between Mr Godfrey and Mr Kalidoski referring to a German band called ENID. Mr Godfrey says that, since Mr Kalidoski worked/works for Mr Palmer, Mr Palmer would have been aware of at least this band's use of Enid. Mr Godfrey says that Mr Palmer's knowledge of third parties using similar names since 2003 had not resulted in his taking any action, and therefore denies Mr Palmer's contention that he was motivated to register the trade mark by a desire to protect the name against use by third parties. Mr Godfrey says that he believes Mr Palmer's motivation to register the trade mark was as a result of "certain changes and developments concerning the band, such as the appointment of Mr Eardley as band manager." Mr Godfrey states that it was in March 2009 that he and the other band members invited Mr Eardley to be the band's manager.

39. In relation to Mr Palmer's statement:

"In order to protect my legitimate business interests and as I felt my position was being made untenable (and since I was also of the firm belied I had the unencumbered rights to do so) I made an application to register the Trade Mark „The Enid’ in June 2009”,

Mr Godfrey states that Mr Palmer does not have "unencumbered rights" to the trade mark and he considers that Mr Palmer knew this to be the case.

40. In relation to Mr Palmer's statement about the band's line-up, Mr Godfrey states that Dave Storey joined the band shortly after formation (1974), left in 1975, rejoined in 1976, left again in 1979, played for the band as a session musician in the 1980s and rejoined in 2009. From the time when a Stephen Stewart left the band in December 1988, Mr Godfrey was the sole member until 1997. Mr Godfrey says:

"...when members left the band, they, without exception, took the opportunity given by the band to leave unencumbered of the band's liabilities according to „cooperative’ rules we operated under but as a *quid pro quo* had no continuing claim over the assets of the band."

Mr Godfrey says that the current band has a Band Agreement, dated 24 October 2009, stating that Mr Godfrey has sole control over THE ENID name⁸.

41. Mr Godfrey refers to Mr Palmer's listings of CDs issued by his companies and the turnover figures and states that all this shows is that Mr Palmer's companies had a licence to use THE ENID under the 2001 agreement. Mr Godfrey denies Mr Palmer's claims regarding Mr Godfrey's making available CDs and free downloads. Mr Godfrey refutes Mr Palmer's closing statement that Mr Godfrey had not released a recording by The Enid for the last 18 years, stating that prior to 2001 (i.e. prior to the business relationship between Messrs Godfrey and Palmer), Mr Godfrey had a number of different licensees who distributed recordings issued under The Enid's name in the 1990s and that Mr Palmer was well aware of this fact.

Mr Palmer's second witness statement

42. Mr Palmer's evidence in reply to Mr Godfrey's evidence is by way of a witness statement dated 18 August 2011. He makes no comments regarding Mr Godfrey's history of the band (save that it is irrelevant to the list of goods applied for in class 9). In relation to The Enid fan club, Mr Palmer disputes Mr Godfrey's membership figures, stating that only about 96 members have posted 10 or more messages.

43. Mr Palmer agrees (his paragraph 12) with Mr Godfrey's statement that the latter managed The Enid's affairs and was the sole member of the band between the late 1990s and when he struck up a business relationship with Mr Palmer in 2001. In relation to Mr Godfrey's evidence regarding creation of the logo, Mr Palmer refers to clauses 4.1, 5.3 and 5.5 of the MRBA. In relation to the trade mark, Mr Palmer says:

“33. Irrelevant comment: in the years leading up to my application none of the record/distribution companies would raise the issue of registering THE ENID in the normal course of business since all previous transactions were licensing and or distribution agreements. The „Master Recording Buyout Agreement' (dated 29 August 2008) was instead a purchase of ownership of the entire back catalogue of recordings.

34. I did not seek to register THE ENID Trade Mark “behind Robert John Godfrey's back”. I informed him that it was indeed my intention to do so in order to protect both of our future interests...”.

Mr Palmer states that his intention to register the trade mark, and also his offer of a co-existence agreement with Mr Godfrey, as to protect both of their interests from foreign/third parties using the name, or even disgruntled ex-members of the band itself. Mr Palmer (paragraph 46) emphatically states:

“I did NOT ask Robert John Godfrey for permission to register the Trade Mark.”

Mr Palmer says at paragraph 51:

⁸ Exhibit RJG23.

“I am pleased to learn that Robert John Godfrey acknowledges that the „Master Recording Buyout Agreement’ does permit my company to use the Trade Mark.”

44. In response to Mr Godfrey’s statement that Mr Palmer’s promotion of the band following the signing of the MRBA was less than satisfactory, Mr Palmer states that he had made no „promises’ in relation to touring and/or live work; although he wished to assist, his company would not have benefitted directly from any financial remuneration which touring or live work might generate. He says that securing a booking agent would be the responsibility of the band’s manager, but that to help he provided a quantity of CDs for the band to sell at their concerts. Further, he offered to Mr Godfrey to stand any loss should there be a shortfall in income from ticket sales to cover costs.

45. The remainder of Mr Palmer’s evidence in reply deals with Mr Godfrey’s evidence about domain names and allegations over bootleg recordings.

Cross-examination of Mr Palmer

46. For the most part, Mr Palmer answered the questions asked of him in a straightforward and consistent manner, although there was some confusion over the timing of the termination of the 2001 agreement, a fact which he had included in his evidence.

Decision

47. I will deal firstly with the „senior opposition’, which is Mr Godfrey’s opposition to Mr Palmer’s application.

Section 3(6)

48. The material date for bad faith is the date of the filing of the application for registration⁹. Bad faith cannot be cured by some action after the date of the application¹⁰, although it is possible for actions taken after the date of application to cast light on the decision to make the trade mark application.

49. Bad faith includes dishonesty and “some dealing which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined¹¹. Certain behaviour might have become prevalent but that does not mean that it can be deemed to be acceptable¹². It is necessary to apply what is referred to as the “combined test”¹³,

⁹ *Chocoladefabriken Lindt & Sprungli AG v Franz Hauswirth GmbH* Case C-529/07, paragraph 35.

¹⁰ *Nonogram Trade Mark* [2001] RPC 21.

¹¹ *Gromax Plasticulture Limited v Don and Low Nonwovens Ltd* [1999] RPC 367.

¹² *Harrison v Teton Valley Trading Co* [2005] FSR 10.

¹³ *Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* Privy Council Appeal No. 38 of 2004 and also

which means it is necessary to decide what Mr Palmer knew at the time of making his application and then, in the light of that knowledge, to decide whether his behaviour fell short of acceptable commercial behaviour. Bad faith impugns the character of an individual or the collective character of a business and so is a serious allegation¹⁴. The more serious the allegation, the more cogent must be the evidence to support it. However, the matter still has to be decided upon the balance of probabilities.

50. Mr Palmer said, several times in his witness statement and under cross-examination, that he considered he was entitled to apply for the trade mark:

“In order to protect my legitimate business interests and as I felt my position was being made untenable (and since I was also of the firm belief I had the unencumbered rights to do so) I made an application to register the Trade Mark „The Enid’ in June 2009.” (First witness statement.)

“Q. Moving over the page to another clause, which is clause 5.5, this is a clause which refers to your right to use your name, professional name and photographs, likenesses etcetera in relation to the exploitation of masters and recordings. That just gives you a licence, does it not, to use his name and professional name?

A. I do not believe so, no. I believe it gives me the rights to the recordings that I have purchased.

Q. It is 5.5 and it says: "You give to us, our successors, assigns and licensees the exclusive right to use your name, professional name, and photographs and likenesses in connection with the exploitation of the Masters...." The simple point I am putting to you is your understanding of that clause is it gives you a licence, is that correct?

A. No, I do not think it does. That is not my interpretation. It gives me an ownership of the masters and the artwork and so on and so forth that I purchased under the master buyout agreement. Therefore, I own all the stuff

the decision of Professor Ruth Annand, as the appointed person, in *Ajit Weekly Trade Mark* [2006] RPC 25: “41 I believe the parties are agreed that the upshot of the Privy Council decision in *Barlow Clowes* is: (a) to confirm the House of Lords' test for dishonesty applied in *Twinsectra*, i.e. the combined test⁵; and (b) to resolve any ambiguity in the majority of their Lordships' statement of that test by making it clear that an enquiry into a defendant's views as regards normal standards of honesty is not part of the test. The subjective element of the test means that the tribunal must ascertain what the defendant knew about the transaction or other matters in question. It must then be decided whether in the light of that knowledge, the defendant's conduct is dishonest judged by ordinary standards of honest people, the defendant's own standards of honesty being irrelevant to the determination of the objective element. I also bear in mind the observations of Lawrence Collins J. in *Daraydan Holdings Ltd v Solland International Ltd* [2005] 4 All E.R. 73 at 93 concerning the affirmation of recent decisions of the Privy Council made by serving Law Lords after full argument.”

¹⁴ *Royal Enfield Trade Marks* [2002] RPC 24.

that has been historically recorded and my interpretation is that I own the artwork etcetera, etcetera.

THE HEARING OFFICER: Mr. Palmer, can you explain what you mean by etcetera, etcetera, that did not help?

A. No, it does not help, of course. You give us and our successors the rights. We have the rights to exploit the artwork, the recordings and so on and so forth.

MR. NORRIS: What about his name? This refers to his name and professional name?

A. That as well. Yes, The Enid.

Q. So you thought 5.5----

A. In the whole of 5 it explains it all, does it not? All the rights. It breaks it down.

Q. It breaks it down. What I am looking at is the particular obligation which the parties agreed in relation to 5.5, which talks about his name. You are saying that although it says the right to use the name, you are saying it actually does more than that? It transferred to you the logo?

A. Yes.

Q. In relation to everything?

A. The Enid have used lots of logos. They have not used one continuously. There are probably half a dozen logos that have been used over the years. This is common practice. If you buy the catalogue, the logo can be part and parcel of the artwork. The whole thing can be integral to the whole artwork.

Q. Buying the back catalogue for that, you are actually buying the brand of the band, is that what you are saying?

A. Yes."

52. Later, Mr Palmer said:

"Q. At about the same time of this agreement in 2008, you and Robert Godfrey had a discussion about applying for a trade mark. Do you recall that?

A. Yes, I do recall it.

Q. Of course, it is Robert's evidence that you asked him permission and it is your evidence that you did not ask permission, you were just informing him?

A. I did not ask for permission. I did not believe I needed his permission."

And, again:

"Q. The real reason you spoke to him was because you felt he had a greater interest in the mark than that?

A. That is incorrect. That is not the case. I actually did not ask Robert's permission. I believed I had the rights to do it. I told him that I intended to register it. Robert said he did not want me to, as I think I have said."

53. Under cross-examination Mr Palmer also acknowledged that, whilst he owned the rights to the back catalogue of recordings via the MRBA, his ownership of the trade mark would prevent The Enid from using its name/logo on any future recordings, even though new recordings would be nothing to do with him, as they would not be covered by the MRBA. He acknowledged that Mr Godfrey/The Enid would need to obtain a licence from him:

"Q. Presumably, therefore when you created this agreement and you signed it, you were happy that it gave you the protection that you needed?

A. Yes.

Q. Let us go to this agreement, it is at the next tab 2. As you will know from our submissions on this, a major point with the parties is the interpretation and construction of this agreement. I am not going to take you through it, so you do not need to worry because it is not really a matter for you to give evidence on. It is a matter for the tribunal. However, there are a couple of points I need to press with you. In this agreement there is no transfer of rights in relation to anything to do with live performances or tours, is that not correct?

A. That is correct.

Q. Or merchandising?

A. That is correct.

Q. Also, in relation to future recordings by Mr. Godfrey in relation to his new songs, that would not give you any title to those either?

A. Except within the rerecording provision, but any new recordings would not, no. Any new recordings would be nothing to do with me.

Q. For him to exploit?

A. Yes, for him to exploit.

Q. They do not form part of this agreement, is that not correct?

A. That is correct.

Q. If you get this registration you are applying for, you will be able to prevent him from using that mark in relation to those new recordings, will you not?

A. In theory, yes.

Q. So there will be two different entities using the same mark in relation to the same goods?

A. Sorry, say that again?

Q. There will be two entities? There will be Atlantic and there will be The Enid using the same mark in relation to the same goods?

A. There are a few now, but the intention of the trade mark, as I have said, was to protect the interests of all parties. I have offered a coexistence agreement from the onset. My interest is purely commercial in protecting my investment in the purchase of that catalogue. Also, it does not strictly prohibit Robert doing anything. He can contact me.

Q. And you can give him a licence?

A. Yes.

Q. Absent a licence, you can stop him?

A. Yes, as I have just said."

54. Mr Palmer later said that he believed the band was inactive, although acknowledged that there was at least a "possibility" that future material would be recorded:

"Q. You are saying that your position is that his only interest was financial, a financial revenue stream for the registration of the mark and you were simply

informing him of this. You had no other interest in the mark?

A. I did not believe so at the time, no. He was inactive. He had not done anything for quite a number of years. He had been recording a new album for six or seven years, which had not materialised. There had been one or two shows earlier on in 2000 or something, but virtually no activity. The band was for all intents and purposes over. I was buying the back catalogue to exploit the back catalogue and to protect my investment, register the trade mark. I told Robert I intended to do it. He did say he did not want me to. That is my recollection, Mr. Norris.

Q. His interest is much greater than that, is it not? For example, if you go to paragraph 66 of the same statement, you say that you are happy to enter into an agreement with him so that he can use the mark for any future recordings. You must have known in 2008 that he had an interest in future recordings?

A. He had been saying that he was going to record a new album for many years, but had not.

Q. The possibility was there, you should know?

A. Yes, there was a possibility."

55. This section of cross-examination also reveals that Mr Palmer considered that the MRBA did not transfer rights in merchandising or live performances. The trade mark application, when filed, included classes 25 (clothing, i.e. merchandise) and class 41 (i.e. live performances).

56. Whilst Mr Palmer variously states he considers he had the right to apply for the trade mark, at other times he refers to the right to use the name, e.g.

"I am pleased to learn that Robert John Godfrey acknowledges that the „Master Recording Buyout Agreement’ does permit my company to use the Trade Mark.” (Second witness statement.)

57. Mr Palmer said (also in his second witness statement):

“33. Irrelevant comment: in the years leading up to my application none of the record/distribution companies would raise the issue of registering THE ENID in the normal course of business since all previous transactions were licensing and or distribution agreements. The „Master Recording Buyout Agreement’ (dated 29 August 2008) was instead a purchase of ownership of the entire back catalogue of recordings.”

This is a statement as to what Mr Palmer considers to be the nature of the MRBA: it is a purchase of ownership of the entire back catalogue of recordings. As can be seen from the cross-examination, Mr Palmer considered that his ownership of recordings also give him ownership of album artwork. The agreement itself, written as a letter, begins with the text "Following our recent discussions, we write to set out the terms agreed in relation to the buyout of master recordings". Mr Norris referred to this as the "remit of the agreement".

58. The law in relation to the interpretation of agreements is well established. In *Investors Compensation Scheme Ltd v West Bromwich Building Society* [1998] 1 WLR 896 Lord Hoffman stated:

"My Lords, I will say at once that I prefer the approach of the learned judge. But I think I should preface my explanation of my reasons with some general remarks about the principles by which contractual documents are nowadays construed. I do not think that the fundamental change which has overtaken this branch of the law, particularly as a result of the speeches of Lord Wilberforce in *Prenn v. Simmonds* [1971] 1 W.L.R. 1381, 1384-1386 and *Reardon Smith Line Ltd. v. Yngvar Hansen-Tangen* [1976] 1 W.L.R. 989, is always sufficiently appreciated. The result has been, subject to one important exception, to assimilate the way in which such documents are interpreted by judges to the common sense principles by which any serious utterance would be interpreted in ordinary life. Almost all the old intellectual baggage of "legal" interpretation has been discarded. The principles may be summarised as follows:

(1) Interpretation is the ascertainment of the meaning which the document would convey to a reasonable person having all the background knowledge which would reasonably have been available to the parties in the situation in which they were at the time of the contract.

(2) The background was famously referred to by Lord Wilberforce as the "matrix of fact," but this phrase is, if anything, an understated description of what the background may include. Subject to the requirement that it should have been reasonably available to the parties and to the exception to be mentioned next, it includes absolutely anything which would have affected the way in which the language of the document would have been understood by a reasonable man.

(3) The law excludes from the admissible background the previous negotiations of the parties and their declarations of subjective intent. They are admissible only in an action for rectification. The law makes this distinction for reasons of practical policy and, in this respect only, legal interpretation differs from the way we would interpret utterances in ordinary life. The boundaries of this exception are in some respects unclear. But this is not the occasion on which to explore them.

(4) The meaning which a document (or any other utterance) would convey to a reasonable man is not the same thing as the meaning of its words. The

meaning of words is a matter of dictionaries and grammars; the meaning of the document is what the parties using those words against the relevant background would reasonably have been understood to mean. The background may not merely enable the reasonable man to choose between the possible meanings of words which are ambiguous but even (as occasionally happens in ordinary life) to conclude that the parties must, for whatever reason, have used the wrong words or syntax. (see *Mannai Investments Co. Ltd. v. Eagle Star Life Assurance Co. Ltd.* [1997] 2 W.L.R. 945

(5) The "rule" that words should be given their "natural and ordinary meaning" reflects the common sense proposition that we do not easily accept that people have made linguistic mistakes, particularly in formal documents. On the other hand, if one would nevertheless conclude from the background that something must have gone wrong with the language, the law does not require judges to attribute to the parties an intention which they plainly could not have had. Lord Diplock made this point more vigorously when he said in *The Antaios Compania Neviera S.A. v. Salen Rederierna A.B.* 19851 A.C. 191, 201:

". . . if detailed semantic and syntactical analysis of words in a commercial contract is going to lead to a conclusion that flouts business commonsense, it must be made to yield to business commonsense."

In *Anglo Continental Educational Group (GB) Limited v Capital Homes (Southern) Limited* [2009] EWCA Civ 218 at para 13 Arden LJ stated:

"The court will also prefer an interpretation which produces a result which the parties are likely to have agreed over an improbable result."

59. Mr Palmer's evidence shows that, at the time he made the application in three classes (9, 25 and 41), he knew that the MRBA did not give him rights in merchandising (class 25) and live performances/touring (class 41). It also shows that Mr Palmer considered that the MRBA was a buyout of historical recordings, not rights in future recordings. Mr Palmer's answers in cross-examination show that he knew that a registered trade mark would give him, and solely him, control over the name The Enid. As he says, if the band or Mr Godfrey wished to release new material, they would have to apply to him for a licence. This goes beyond what would appear to be likely to have been agreed in relation to a buyout of historical recordings. As Mr Godfrey says,

"The MRBO Agreement permits Atlantic Motion Limited to use THE ENID trade mark under a licence for any Masters and Recordings produced under the Agreement and such use does not in any way amount to ownership of the trade mark."

60. Mr Palmer himself says that the MRBA "...assigned ownership and the copyright in all Masters and Records (whether or not released) by The Enid to myself."¹⁵ He does not say it gave any other ownership rights. As he says, both in his written and oral evidence, Mr Palmer knew that the MRBA gave him a right to use the name of the band. So, he appears to have viewed the MRBA (i) as a buyout of historical recordings and (ii) that he had the right to use the name The Enid in connection with the recordings to which he had bought the rights; in other words the MRBA was a licence to use the name in connection with the recordings in which he had the rights. A licence to use something does not give ownership rights, otherwise no one would ever grant a licence because the licensee would have greater rights than the licensor. Mr Palmer also must have known that the MRBA did not extend to ownership of the logo because clause 4.1 assigns copyright in the album artwork, whereas clause 5.5 was also necessary to allow use of the name. If clause 4.1 had assigned rights in the logo *per se*, as distinct from the album artwork which included the logo, there would have been no need to have included clause 5.5 in the agreement. Mr Palmer must therefore have known that assignment of the album artwork (clause 4.1) did not extend to the name or logo *per se*.

61. Mr Palmer was also appreciative of the effect of trade mark ownership because he has given evidence which shows he knew it was an exclusive „negative right‘; i.e. would enable him to stop others using the name/logo, including Mr Godfrey and the band itself. Whereas the MRBA gave him rights in recordings made in the past, trade mark ownership would give Mr Palmer exclusive rights in perpetuity, i.e. for the future, regardless of Mr Godfrey’s interest in his band name which he had used since 1974 and intended to use in the future for future recordings, which, as Mr Palmer himself acknowledged, „had nothing to do with him‘.

62. When, on 29 June 2009, Mr Palmer applied to register the band’s logo in classes 9, 25 and 41, he knew that he had rights in a specific list of historical recordings and the original artwork connected to those recordings. Part of the reason for the MRBA was to generate some revenue so that Mr Godfrey could, literally, get the show on the road again.

63. The evidence points towards the state of Mr Palmer’s knowledge on 29 June 2009 as being that the MRBA did not give him trade mark rights; there is the illogicality of the inclusion both of clauses 4.1 and 5.5 if it were otherwise; there is his acknowledgement that a trade mark in his name would prevent use by anyone else in relation to future recordings; there are the statements which refer to use of names and the buying of specific master recordings, and the heading of the MRBA itself which refers to terms in relation to the buyout of master recordings. Mr Palmer has explained that he was protecting his investment against third parties and disgruntled ex-band members. However, there is not a consistent line in relation to this. Mr Palmer states:

“In order to protect my legitimate business interests and as I felt my position was being made untenable (and since I was also of the firm belief I had the

¹⁵ Mr Palmer’s first witness statement.

unencumbered rights to do so) I made an application to register the Trade Mark „The Enid’ in June 2009.”

He also claims that he sought to register the trade mark to protect both his and the rights of Mr Godfrey.

64. This is almost like saying that his application was made to counter behaviour which had become prevalent (i.e. third party and disgruntled ex-band members’ use); however, it is his own behaviour which is under examination, not the actions of third parties. Mr Palmer is an experienced man in the music business; he says so and so does Mr Godfrey. It is clear that Mr Palmer fully understands the power of registered trade mark rights and the economic impact they can have upon the activities of others. The meaning which the MRBA would convey to a reasonable person having all the background knowledge which would reasonably have been available to the parties in the situation in which they were in as of August 2008 would not have extended to Mr Palmer/Atlantic Motion Limited having trade mark ownership rights. The MRBA gave Mr Palmer/Atlantic Motion Limited the necessary rights to exploit the back catalogue. The recordings could hardly be exploited without reference to the name of the band and the exploitation would be seriously hampered without the right to use the original artwork. Mr Palmer’s interpretation produces an improbable result and not one which the parties are likely to have agreed. In applying for the trade mark, Mr Palmer had stepped outside of that agreement, with its assignment of rights in a specific list of recordings and original artwork connected with those recordings. He had tried to register the band’s logo as his exclusive property, the effect of which is that the band would only be able to use its own name/logo under licence from Mr Palmer. It would deprive the band/Mr Godfrey of entitlement to the goodwill in The Enid’s logo. Even if that were not his primary intention, Mr Palmer knew that his ownership of the trade mark would have this effect. Viewed objectively, a reasonable and experienced person in the field would consider that to be an action falling short of the standard of acceptable commercial behaviour. **Mr Godfrey’s section 3(6) ground succeeds against Mr Palmer’s application.**

Section 5(4)(b)

65. (4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

.....

(b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.

66. It is necessary to decide whether copyright exists in the trade mark for which Mr Palmer has applied. The law of copyright in the United Kingdom is governed by the Copyright, Designs and Patents Act 1988 (“CDPA”). Works in which copyright can subsist are defined by section 1(1) of the CDPA:

“(1) Copyright is a property right which subsists in accordance with this Part in the following descriptions of work –

- (a) original literary, dramatic, musical or artistic works,
- (b) sound recordings, films [or broadcasts], and
- (c) the typographical arrangement of published editions.

(2) In this Part "copyright work" means a work of any of those descriptions in which copyright subsists.

(3) Copyright does not subsist in a work unless the requirements of this Part with respect to qualification for copyright protection are met (see section 153 and the provisions referred to there)."

67. The only potential categories within which the trade mark could fall are those of original literary or artistic works. The trade mark cannot be considered to be a literary work as its creation does not imply sufficient literary skill or labourⁱ. As with the title of a book, the protection of the words themselves lies in the law of passing-offⁱⁱ (which I deal with below). Mr Godfrey's case is based upon the form in which the words THE ENID are presented, so the question is whether the logo he relies upon, and for which Mr Palmer has applied, is an artistic work. Section 4 of the CDPA defines the nature of an artistic work:

"1) In this Part "artistic work" means –

- (a) a graphic work, photograph, sculpture or collage, irrespective of artistic quality,
- (b) a work of architecture being a building or a model for a building, or
- (c) a work of artistic craftsmanship.

(2) In this Part –

"building" includes any fixed structure, and a part of a building or fixed structure;

"graphic work" includes –

- (a) any painting, drawing, diagram, map, chart or plan, and
- (b) any engraving, etching, lithograph, woodcut or similar work;

"photograph" means a recording of light or other radiation on any medium on which an image is produced or from which an image may by any means be produced, and which is not part of a film;

"sculpture" includes a cast or model made for purposes of sculpture."

The definition of graphic work is not exhaustive, "it includes" the types of work listed.

68. An artistic work must be original, however, under United Kingdom law the standard of originality is low. Originality of thought is not required to sustain a claim to copyright.

"Under copyright ideas are not protected, only the skill and labour needed to give any given idea some particular material form, for it is the form in which the work is presented that is protected by copyright. That need only be original in the sense that it is all the author's own work."ⁱⁱⁱ

69. The Enid logo qualifies as an artistic work because it is a graphic work. Mr Godfrey states that he designed it in 1997. It appears upon some of the CD covers

which Mr Palmer has put in evidence, which are CDs his companies have released under the two agreements (the 2001 agreement and the MRBA). Mr Palmer does not dispute the fact that Mr Godfrey created the work, but he considers that Mr Godfrey assigned the copyright in the logo via the MRBA, clause 4.1:

“Artwork

4.1 You acknowledge and agree that you will assign to us full copyright and title guarantee and similar rights in all original record artwork.”

This, along with clauses 5.3 and 5.5, forms the basis of Mr Palmer’s repudiation of Mr Godfrey’s section 5(4)(b) ground.

70. Mr Palmer considers that because (i) clause 4.1 assigns to his company the artwork on the covers of the albums/CDs and (ii) the artwork includes the logo (as created by Mr Godfrey), that he owns the copyright in the logo *per se*.

71. Mr Norris submitted that clause 4.1 is an assignment of the copyright in the „original record artwork’ and that the original record artwork assigned does not include the band’s logo that is applied to all parts of the band’s trade (e.g. t-shirts and touring promotion). He submitted that the logo applied to the band generally rather than the recordings specifically and that the clause could not constitute an assignment of the copyright in the logo because it would block the band from using its own logo in any area of trade. Clauses 5.3 and 5.5 deal with the granting of „consents’ and „permission to use’, i.e. this part of the MRBA is a licence, not an assignment of ownership in the logo. If the logo was a discrete and separate right which had been assigned, the MRBA would have said so: it is improbable, rather than probable, that the MRBA assigned to Mr Palmer separate rights in the band’s own logo, for the reasons Mr Norris gave. That cannot have been intended by the parties because the band would lose the right to use its own name for any future recordings, on merchandise and in touring. The purpose of the MRBA was to assign the rights in the back catalogue of recordings, and to enable Mr Palmer’s company to release those recordings complete with the corresponding original album artwork. It does not give Mr Palmer the right to apply for the logo contained within the original album artwork as a trade mark. The use of the logo (the subject of the application), on its own, is liable to be prevented under section 96 of the Copyright, Designs and Patents Act 1988. **Mr Godfrey’s section 5(4)(b) ground succeeds against Mr Palmer’s application.**

Section 5(4)(a)

72. The requirements to succeed in a passing off action are well established and are summarised in *Halbury’s Laws of England* 4th Ed. as being that:

- i) the claimant’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- ii) there is a misrepresentation by the defendant (whether or not intentional) which is likely to deceive the public into believing that the defendant’s goods or services are those of the claimant; and

iii) the claimant has suffered or is likely to suffer damage as a result of the erroneous belief created by the defendant's misrepresentation.

73. Mr Godfrey's case is that Mr Palmer has misappropriated the goodwill owned by him/The Enid. Mr Palmer questions whether Mr Godfrey has goodwill separately from the band. The evidence shows that Mr Godfrey is synonymous with The Enid; the band's fortunes have ebbed and flowed with his own and it is he who was left, in 1998, as the „last man standing'¹⁶. Even if Mr Godfrey was simply a member of the band, without the prominence the evidence shows he has enjoyed within the band, he has a proprietorial interest in the collectively owned goodwill in the logo and consequently is entitled to protect it in proceedings for passing off¹⁷. Mr Palmer does not dispute the fact that there is goodwill attached to the logo, although he appears to believe that it accrues to his company as it sells the recordings. As above, his right to use the name is as a licensee; the MRBA grants him permission to do that, but it is the band/Mr Godfrey who owns the goodwill. There would be clear misrepresentation and damage as the sign relied upon by Mr Godfrey is the band's logo, which Mr Palmer has applied for as his trade mark. The band would be unable to use its own logo and a name which it has used since 1974. I find that use of Mr Palmer's trade mark would be liable to be prevented under the law of passing off and so registration would be contrary to section 5(4)(a) of the Act. **Mr Godfrey's section 5(4)(a) ground succeeds against Mr Palmer's application.**

Mr Palmer's opposition to Mr Godfrey's application

74. Mr Palmer's opposition has been brought under sections 5(2)(a) and 3(6) of the Act. Section 5(2)(a) is a relative ground which means that for Mr Palmer to succeed under this ground, he must have an earlier right on which he can rely. He relies

¹⁶ See *Club Sail*, a decision of Geoffrey Hobbs QC, sitting as the appointed person, BL O/074/10: "27. I consider that the starting point for the purposes of analysis in the present case is the general proposition that the goodwill accrued and accruing to the members of an alliance such as I have described is collectively owned by the members for the time being, subject to the terms of any contractual arrangements between them: *Artistic Upholstery Ltd v. Art Forma (Furniture) Ltd* [2000] FSR 311 at paragraphs 31 to 40 (Mr. Lawrence Collins Q.C. sitting as a Deputy High Court Judge). When members cease to be members of an ongoing alliance they cease to have any interest in the collectively owned goodwill, again subject to the terms of any contractual arrangements between them; see, for example, *Byford v. Oliver (SAXON Trade Mark)* [2003] EWHC 295 (Ch); [2003] FSR 39 (Laddie J.); *Mary Wilson Enterprises Inc's Trade Mark Application (THE SUPREMES Trade Mark)* BL O-478-02 (20 November 2002); [2003] EMLR 14 (Appointed Person); *Dawnay Day & Co Ltd v. Cantor Fitzgerald International* [2000] RPC 669 (CA); and note also the observations of Lord Nicholls of Birkenhead in *Scandecor Development AB v. Scandecor Marketing AB* [2001] UKHL 21; [2002] FSR 7 (HL) at paragraphs [42] to [44]. This allows the collectively owned goodwill to devolve by succession upon continuing members of the alliance down to the point at which the membership falls below two, when „the last man standing' becomes solely entitled to it in default of any other entitlement in remainder: see, for example, *VIPER Trade Mark* (BL O-130-09; 13 May 2009) (Appointed Person, Professor Ruth Annand)."

¹⁷ *Club Sail*, supra: "29. It appears to be open to any of the existing members of an alliance to bring proceedings in passing off against a third party for the protection of their proprietorial interest in the collectively owned goodwill...The net effect of these considerations is that an earlier right to prevent the use of a trade mark by virtue of the law of passing off can be asserted under Section 5(4)(a) of the 1994 Act by a person who is entitled, either alone or with others, to a proprietorial interest in the goodwill to which the earlier right relates."

upon his application which Mr Godfrey has successfully opposed. This means that Mr Palmer does not have an earlier right on which he can rely and so his section 5(2)(a) ground must fail. There is the additional problem that he has pleaded section 5(2)(a) of the Act, which provides that a trade mark shall not be registered if it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected. Mr Godfrey's application is for the word only mark THE ENID, whereas Mr Palmer's is for the band's stylised logo. The marks cannot be considered to be identical. However, even if Mr Palmer had pleaded his case under section 5(2)(b) of the Act (where marks can be similar, rather than identical), his case would fail. Mr Palmer does not have an earlier right upon which to rely.

75. That leaves Mr Palmer's opposition under section 3(6) of the Act. I already have set out the law in relation to this section. Mr Palmer's case under this ground suffers from the fact that its basis shifted between the filing of the notice of opposition and the hearing. The notice of opposition claims that Mr Godfrey's application was made in bad faith because Mr Godfrey has never commercially released musical sound recordings; records; downloadable musical sound recordings; digital music. The continuation sheet goes on to say that Mr Palmer has had a business relationship with Mr Godfrey since at least 2001 and that he is the proprietor of a record label(s) having acted, through one or more of his businesses, as the record label for THE ENID, giving details of The Enid recordings which Mr Palmer has exclusively released last over the last nine years. He says that it is his understanding that Mr Godfrey has never released a CD recording by The Enid. As detailed in paragraph 8 of this decision, Mr Palmer makes reference to the MRBA. The basis of his pleaded claim is that Mr Godfrey has applied for the trade mark in bad faith because he has never released The Enid recordings or, at least, not for the last 9 years whilst Mr Palmer was releasing them, and that the reason Mr Godfrey has not released them is because of the MRBA. As Mr Norris said at the hearing, there is no claim to dishonest intention in the notice of opposition. However, at the hearing Mr Kalidoski said, perhaps in answer to Mr Norris' point, that he vigorously contended that there are allegations of dishonesty against Mr Godfrey. When pressed, he said that these were "in the witness statement". This turned out to be a reference to bootleg recordings and „cease and desist' letters sent to Mr Godfrey after he had applied for his trade mark application. Mr Kalidoski also said that Mr Godfrey's application was "borne of spite and malice" as the relationship between Messrs Godfrey and Palmer had disintegrated.

76. Bad faith is a serious allegation and should be properly pleaded and substantiated if it is alleged. Pleadings set out the opponent's case against the applicant. It is the pleadings which contain the allegations which the applicant answers (by admitting or denying them) in its counterstatement¹⁸. Mr Godfrey

¹⁸ In *Julian Higgins' Trade Mark Application (NASA)* [2000] R.P.C. 321, The Vice Chancellor, Sir Richard Scott, said at 326:

"If the pleadings do not identify the right issues, the issues the parties propose to argue about, then it cannot be expected that with any consistency the right evidence will be adduced at the hearing. The pleadings are supposed to identify the issues to which evidence will be directed. If the pleadings do not properly identify the issues someone, sooner or later, is going to be taken by surprise."

denied, in his counterstatement, the particular bad faith claim brought by Mr Palmer in his notice of opposition; he did not have a proper opportunity to defend the claim to dishonesty which Mr Kalidoski then tried to raise at the hearing. His evidence was filed on the basis of the pleaded case, not the „new’ claim to dishonesty. It is unfair to move the goalposts at a later stage, certainly as late as at the hearing. In any event, the „new’ claim of dishonesty was advanced on the basis of evidence which post-dates the application date, and so is inadmissible. The claim to Mr Godfrey’s application being made out of malice and spite also does not get Mr Palmer anywhere. Mr Godfrey clearly applied for the trade mark to protect his and the band’s position in the face of Mr Palmer’s application. He considered that he owned the mark¹⁹ and he wanted to rejuvenate the band. His evidence shows that he had an intention to use THE ENID at the date on which he made the application. Finally, as originally pleaded, Mr Palmer’s case is bound to fail: it is shown in the evidence that Mr Palmer had, prior to 2001, released albums under THE ENID and that fact that Mr Palmer released them in the previous nine years is explained by the MRBA: Mr Palmer was under licence from Mr Godfrey to use the name THE ENID in relation to the recordings to which he had bought the rights. In any case, even if Mr Godfrey had never released recordings, he clearly intended his band to become active again using the name under which it had been known since 1974. **Mr Palmer’s section 3(6) ground against Mr Godfrey’s application fails.**

Mr Geoffrey Hobbs Q.C., sitting as the appointed person, said in *Demon Ale Trade Mark* [2000] R.P.C. 345, at 357:

“Considerations of justice, fairness, efficiency and economy combine to make it necessary for the pleadings of the parties in Registry proceedings to provide a focussed statement of the grounds upon which they intend to maintain that the tribunal should or should not do what it has been asked to do. The statement should not be prolix. It should, however, be full in the sense indicated by Mr Simon Thorley Q.C. in *Coffeemix Trade Mark* [1998] R.P.C. 717 at 722:

“It must be full in the sense that it must outline each of the grounds...relied upon and state the case relied upon in support of those grounds. It should be as succinct as possible, but it must be complete.”

¹⁹ In *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* [2008] EWHC 3032(Ch), Arnold J held:

“189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Article 107 can hardly be said to be abusing the Community trade mark system.”

Outcome summary

77. (i) Mr Godfrey's opposition against Mr Palmer's application succeeds on all grounds: Mr Palmer's application is to be refused in its entirety.

(ii) Mr Palmer's opposition against Mr Godfrey's application fails on both grounds: Mr Godfrey's application is to proceed to registration.

Costs

78. Both parties submitted that costs should be awarded as per the Registrar's published scale of costs²⁰. Mr Godfrey has been entirely successful both in his opposition to Mr Palmer's application and in his defence of his own application against Mr Palmer's opposition. Mr Godfrey is entitled to an award of costs. In assessing how this should be quantified, I bear in mind that the proceedings were consolidated, with a common set of evidence standing for both cross-oppositions, and there was also a fair amount of repetition between the various claims and defences of both parties. Accordingly, the breakdown of costs is:

Preparing notice of opposition, considering Mr Palmer's counterstatement and preparing counterstatement against Mr Palmer's opposition	£350
Opposition fee	£200
Filing evidence and considering Mr Palmer's evidence	£1000
Preparing for and attending substantive hearing	£1000
Total:	£2550

²⁰ Tribunal Practice Notice 4/2007

79. I order Gerald Palmer to pay Robert John Godfrey the sum of £2550. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 10th day of July 2012

**Judi Pike
For the Registrar,
the Comptroller-General**

ⁱ See *Francis Day & Hunter Ltd v Twentieth Century Fox Corp* [1940] AC 112 PC.

ⁱⁱ See *Allen & Co v Brown Watson Ltd* [1965] RPC 191.

ⁱⁱⁱ *L B (Plastics) Limited v Swish Products Limited* [1979] RPC 551 at 567.