

O-391-03

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION No. 1391538
STANDING IN THE NAME OF ANIMATED MUSIC LTD**

AND

**IN THE MATTER OF A REQUEST FOR A DECLARATION
OF INVALIDITY IN RELATION THERETO UNDER No. 81067
BY DASH MUSIC CO. LIMITED**

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standing in the name of Animated Music Ltd**

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**IN THE MATTER OF a request for a declaration of
Invalidity in relation thereto under No. 81067
by Dash Music Co. Limited**

Background

1. The mark NELLIE THE ELEPHANT is registered under No. 1391538. It stands in the name of Animated Music Limited (Animated). It has a specification which reads:

“Audio and video recording services; production of radio and television programmes; television entertainment services; production and distribution of cine films and video tapes; provision of recording studio facilities; rental of television studio scenery; magic show services; show production services; theatre production services; theatre services; organisation of displays and costume promotions; all included in Class 41.”

2. The registration has a filing date of 12 July 1989.

3. On 6 November 2002 Dash Music Co Ltd (Dash) applied to have this registration declared invalid. Dash says that Animated’s predecessor in title, 101 Film Productions Ltd (101 Film) had, in 1987 taken a licence in respect of the composition NELLIE THE ELEPHANT, from Dash. The licence in respect of the composition reserved to the right holder all rights in the composition other than those specifically granted under the licence. A copy of the licence is enclosed with the statement of grounds.

4. It is said that no permission has ever been granted by Dash, either at the time or subsequently, for any application for registration of the mark NELLIE THE ELEPHANT to be made by the former or the present proprietor of the trade mark registration.

5. Dash raises two grounds of objection:

- (i) under Section 47(2)(b)/5(4)(b) having regard to their ownership of copyright in the song;
- (ii) under Section 47(1)/3(6) in that the application for registration was filed in bad faith as the applicant knew that Dash had a claim on the name NELLIE THE ELEPHANT as a result of their ownership of all rights in the composition of that name.

6. Animated filed a counterstatement denying the above grounds and denying that Dash has any rights beyond copyright in the musical composition (and putting Dash to proof of their underlying claim).

7. Both sides ask for an award of costs in their favour.

8. Both sides filed evidence. The matter came to be heard on 18 November 2003 along with another action between the parties (Revocation No 12394) when Animated was represented by Mr J M Stacey of Barron & Warren and Dash by Mr M Edenborough of Counsel instructed by Williams Powell.

Evidence

9. By way of general background to these cases, Nellie The Elephant is a well known song. It was written by Peter Hart and Ralph Butler. Dash has owned the copyright of the song since 1956. Dash licenses others to use the song. Animated's predecessor in title (101 Film Productions Ltd) was one such licensee. 101 Film wanted to use the song in a television series they were preparing comprising a set of thirteen (later 30) five minute episodes of a cartoon series featuring a female elephant character by the name of Nellie.

10. George Goble, Business Affairs Manager for the Music Sales Group of companies of which Dash is part, gives evidence of the assignment (Exhibit GG/A) of the musical composition from the original owners to themselves. Ralph Bulter, the writer of the words died in 1969 so copyright does not expire until 2039. Mr Goble also exhibits (GG/B) a copy of the licence agreement between Dash and 101 Film.

11. Mr Goble notes that Dash has not received any royalty payments under the licence agreement since 1996 and, as a result, is separately pursuing a revocation action against Animated. He also notes that an assignment document (Exhibit GG/C) transferring ownership of rights from 101 Film to Animated was contrary to the provisions of the licence agreement which specified that the benefit of the licence was not transferable to any third party.

12. Mr Goble refers to a number of registrations that have at various times stood in the name of 101 Film/Animated and comments as follows:

“It will be appreciated that as the owners of all copyright in the musical composition NELLIE THE ELEPHANT, Dash wish to license others to utilise the composition, for example, in sheet music, audio and video recordings, in television and radio shows etc. The producers of the resulting sheet music, audio and video recordings, television and radio shows will, needless to say wish [to] utilise the phrase NELLIE THE ELEPHANT in connection therewith. However, they cannot do so without there being a very serious risk that Animated, as the successor in title to 101 will bring an action against them for trade mark infringement. The registrations were thus quite clearly obtained with a view to preventing Dash, the right owners, licensing others to use the musical composition NELLIE THE ELEPHANT.

8. At one stage, Dash and the Managing Director of Animated, Mr Terry Ward were discussing the possibility of producing a new series of television programmes utilising the musical composition NELLIE THE ELEPHANT. It will be appreciated that Mr Ward was also the managing director of 101 while it was in existence and I understand he assisted with the production of the television series produced by 101 utilising the composition, this series having been completed in 1987/8. The most recent discussions between Dash and Mr Ward took place in late 2000 and early 2001 and came to nothing, Dash terminated the discussions stating their intention to work with other parties to produce a new television series, with new artwork and story lines. At this stage Mr Ward made it very clear that anyone producing a television series under the name NELLIE THE ELEPHANT would be sued for trade mark infringement by Animated. Mr Ward has also offered for Animated to sell the registrations of the trade marks of NELLIE THE ELEPHANT to Dash for the sum of £285,000. It is thus entirely clear that the registrations of the name NELLIE THE ELEPHANT were obtained and continue to be held simply to ensure that Animated have the ability to hold Dash to ransom.”

13. The registered proprietors filed evidence in the form of a witness statement by James Maxwell Stacey, their professional representative in this matter. He exhibits a copy of his witness statement in the related revocation proceedings (Exhibit ELEPHANT 1) and extracts from the Copyright Act 1956 and the Copyright Designs and Patents Act 1988 (Exhibits ELEPHANT 2 and 3). On the basis of this material he submits that:

- there is no copyright in the title of a song;
- the applicants have failed to clarify the nature of the trade mark rights they claim and their evidence fails to establish such rights;
- if the claim based on copyright fails then the bad faith claim must automatically fall away as well.

14. Mr Goble replies to Mr Stacey’s witness statement. The only point I need to record at this point is his submission in response to the suggestion that Dash have no rights in the phrase NELLIE THE ELEPHANT. Mr Goble says that the phrase is itself an original literary work or in the alternative it forms a substantial part of the copyright work represented by the words of the song. He says that that copyright was licensed to Animated’s predecessor in title but all other rights were reserved to Dash. On that basis Animated’s predecessors did not acquire any right to register the phrase NELLIE THE ELEPHANT.

15. That completes my review of the evidence so far as I consider it necessary at this stage.

16. I will deal with the Section 47(2)(b) 5(4)(b) ground first. Section 5(4)(b) reads:

“5-(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 -

- (a)

- (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”.

17. Before dealing with how Mr Edenborough developed his case in submissions at the hearing I remind myself of the way in which the ground was pleaded. Specifically, the applicants claimed as follows:

“3. As Dash Music Co Limited is the proprietor of all rights in the composition NELLIE THE ELEPHANT, including the copyright in the title of the composition, registration of the trade mark NELLIE THE ELEPHANT by 101 Film Productions Limited was in breach of Section 5(4)(b) of the Trade Marks Act 1994 and the registration should thus be deemed invalid by virtue of the provisions of Section 47(2)(b) thereof.”

18. In his skeleton argument Mr Edenborough put the position as follows:

“Copyright subsists in the lyrics of the song NELLIE THE ELEPHANT, and this is owned by Dash. Further, it is submitted that copyright subsists in the title per se (following, eg *Shetland Times Ltd v Dr Jonathan Wills* [1997] FSR 604). 101 Film was not authorised to make a trade mark application for NELLIE THE ELEPHANT. In the first case a substantial part has been copied, and in the second case, the whole has been misappropriated. In either case, copyright infringement arises. Therefore, the application offends against Section 5(4)(b).”

19. It is not, I think disputed that copyright does exist in the lyrics of the song and that this is owned by Dash. However, it is not apparent from the pleaded case that the applicants were relying on a claim based on copyright in the lyrics (and the issue of whether a substantial part had been copied) as distinct from copyright in the title itself. It is true that they claim to be the proprietor of “all rights in the composition” and that the specific claim is expressed as “including the copyright in the title of the composition” (ie not restricted to) but it is unsatisfactory that the registered proprietors should have been expected to deal with the additional level of specificity at the hearing. Whilst Mr Goble’s evidence touched on the point no formal request has ever been made to amend the grounds. A number of reported cases have emphasised the need for full particularisation of the grounds relied on (see, for instance, the first three cases reported in [2000] RPC Issue 9). The point is of particular importance when an applicant for invalidity is relying on a less commonly pleaded issue. It is entirely excusable and to be expected, therefore, that Mr Stacey’s skeleton argument only dealt with the ‘copyright in the title’ point. As the latter also occupied the greater part of Mr Edenborough’s submissions in relation to Section 5(4)(b) I will deal with it first.

20. An issue may arise in relation to the actions between the parties as to dates. In the related revocation action I have found against the registered proprietors with the effect that, subject to

the outcome of any appeal, they will lose their registration with effect from 5 December 2000. The outcome of this invalidation action is not, however, entirely academic. If successful, it would have the effect that the registration will be deemed never to have been made (Section 47(6)). In other words it will take matters back to the filing date of the registration (12 July 1989). I must, therefore, consider the position as at that date. Although neither Section 5(4)(b) nor Article 4.4(c) of First Council Directive 89/104 (on which the domestic law is based) make reference to dates, I believe it is right to proceed by analogy with the dates that would apply for Section 5(4)(a) (passing-off etc) purposes. In that respect the Directive does make it clear in Article 4.4(b) that the earlier right must have been acquired prior to the date of application for registration of the subsequent trade mark. Dash acquired the copyright to the musical composition, NELLIE THE ELEPHANT, on 22 August 1956. On that basis it was an earlier right at the date of 101 Film/Animated's application.

21. The Agreements transferring the copyright in the musical composition NELLIE THE ELEPHANT from the original composers refer to it "including the title, words and music". There are in fact two documents, one assigning copyright in the music and the other copyright in the words. They appear to be pro-forma documents. I do not draw any particular assistance or conclusions from the fact that they mention 'title'.

22. It is usually said that there is no copyright in a name or title. Thus in *The Modern Law of Copyright and Designs* (Third Edition):

“3.62 Most cases in which copyright was held not to subsist on the ground that the work, although not necessarily derivative, was too slight a matter to deserve protection have concerned titles of publications and advertising slogans.

Illustration The following words and phrases have been refused protection: *Belgravia* (name of periodical); *Post Office Directory*; *Splendid Misery* (title of novel); *Where there's a Will there's a Way* (title of novel, being punning allusion to a testamentary disposition around which the plot turned) 'Youthful appearance is a social necessity, not a luxury' (advertising slogan); 'Good sight is your most valuable asset. Avoid the predicament of being without your glasses. Let us make you a spare pair. Broken lenses promptly and accurately repaired' (of which three sentences were said to be fairly commonplace); 'The Man who Broke the Bank at Monte Carlo' (title of song); 'The Lawyer's Diary'; 'Opportunity Knocks'.

But it should not be assumed that an advertising slogan, or a title, is incapable of protection as a matter of principle; rather, the amount of independent skill, labour and judgment involved in its composition is usually too small to count.”

(Footnotes omitted)

and in *A User's Guide to Copyright*:

“3.02 The title of a book, film or song will not have copyright protection in the UK unless it is so elaborate that sufficient skill and labour must have been involved in its invention so as to allow it to qualify as a literary work in its own right.”

23. Observations in a number of reported cases provide further support for this view. Thus in *Tavener Rutledge Limited v Trexapalm Ltd* [1977] RPC 275 Walton J said:

“..... so far as the law of England is concerned, we do not recognise any copyright or other species of property in any names or words, whether invented or not. I think that for that I need only quote two cases, *Day v Brownrigg* (1878) 10 Ch.D. 294, and the well-known case of *Burberrys v J Cording & Co Ltd* (1909) 26 RPC 693.”

and in *Elvis Presley Trade Marks* [1997] RPC 543 Laddie J said:

“There is nothing akin to a copyright in a name. This has been part of our common law for a long time.”

In support of this view he cited *Du Boulay v Du Boulay* (1869) LR 2 PC 430. The *EXXON case*, [1982] RPC 69 is also often referred to as providing further support for this view and is an authority dealt with in both the above legal textbooks.

24. It was part of Mr Edenborough’s case that the authorities do not go so far as establishing that there can never be copyright in a title. In particular he suggested that the *EXXON case* had been misconstrued. The plaintiffs in that case had brought an action for, inter alia, infringement of copyright in their invented corporate name EXXON claiming that it was an ‘original literary work’ within the meaning of Section 2(1) of the Copyright Act 1956 (the Copyright, Designs and Patents Act 1988 employs similar words). Their appeal on the copyright point was dismissed. Mr Edenborough submitted that this case did not support the proposition that there could not be copyright in a name or title merely that on the facts of the case, EXXON was not a literary work.

25. If or to the extent that, EXXON has been relied on as authority for the proposition that there cannot be copyright in a name or title then I think Mr Edenborough’s criticism is well founded. The authorities, Exxon included, suggest that there is a strong but not wholly irrebuttable presumption against copyright being vested in names or titles. However, it is a measure of the difficulty Mr Edenborough faced that Stephenson LJ was able to say of EXXON that “I am not sure whether this can be said to be a “work” at all”.

26. Accepting as I do that I should not rule out the capacity of a title to attract copyright, I go on to deal with Mr Edenborough’s further submissions. Put briefly these were to the effect that NELLIE THE ELEPHANT is a literary work; that a literary work needed to afford either information and instruction or pleasure; that by analogy with the principle shown to be applicable in relation to artistic copyright the threshold test was not a high one; that the position on literary merit can be distinguished from that on database rights where more substantial investment in their creation needed to be shown; that NELLIE THE ELEPHANT was possessed of the necessary spark of literary merit; and that Animated’s application was an unauthorised reproduction of the whole of the copyright material.

27. The test of what may constitute a literary work is set out in the EXXON case by reference also to the much earlier authority of *Hollinrake v Truswell* (1894) 3 Ch D 420. Stephenson LJ indicated that:

“I would have thought, unaided or unhampered by authority, that unless there is something in the context of the Act which forbids it, a literary work must be something which was intended to afford either information and instruction, or pleasure in the form of literary enjoyment, whatever those last six words may add to the word “pleasure”.”

28. It is common ground here that NELLIE THE ELEPHANT does not inform or instruct. The question is, therefore, whether the name is a literary work which gives pleasure. In EXXON the Court of Appeal accepted that the name was invented and that some effort had been involved in its creation but declined to accept that could be said to give pleasure or constitute a literary work. There was some discussion before me as to the degree of substance that might need to be shown to constitute a literary work. Clearly at one extreme a book is likely to qualify but at the other extreme Mr Edenborough suggested that a Japanese haiku poem (a verse in 17 syllables) might also qualify. He also referred me to *Shetland Times Limited v Dr Jonathan Wills* [1997] FSR 604 where it was held that there could be a question as to whether a newspaper headline was protected by copyright. I do not derive much assistance from the latter case. It was an interim interdict (interlocutory injunction) case in the Court of Session – Outer House. Lord Hamilton said:

“I was not referred to any authority on this aspect. While literary merit is not a necessary element of a literary work, there may be a question whether headlines, which are essentially brief indicators of the subject matter of the items to which they relate, are protected by copyright. However, in light of the concession that a headline could be a literary work and since the headlines at issue (or at least some of them) involve eight or so words designedly put together for the purpose of imparting information, it appeared to me to be arguable that there was an infringement, at least in some instances, of Section 17.”

29. Lord Hamilton thus chose to express himself in cautious terms in concluding that an arguable case had been made out and acknowledged that he had not been directed to any authority on the point.

30. I have not been referred to any authorities which are of immediate relevance save for these cases which deal with artistic copyright from which I accept that (if the analogy with literary copyright is a good one) relatively simple drawings may be the subject of copyright. I return, therefore, to the EXXON case and the following passage from the trial judge’s judgment quoted with approval by Stephenson LJ together with the latter’s further observations.

““Nothing I have said above is intended to suggest that I consider that a word which is used as a title can, as a matter of law, never in any circumstances be the subject of copyright, and I would disagree with dicta in previous cases to the contrary effect. Such a word would, however, I think, as at present advised, have to have qualities or characteristics in itself, if such a thing is possible, which

would justify its recognition as an original literary work rather than merely as an invented word. The mere fact, however, that a single word is invented and that research or labour was involved in its invention does not in itself necessarily enable it, in my judgment, to qualify as an original literary work within section 2 of the Act”.

The learned judge then went on to consider an analogy with Edward Lear’s Nonsense poem, *Jabberwocky* and came to the conclusion which he stated at page 16 of his judgment, that the words “Jabberwock” or “Jabberwocky”, if used alone without any poem, could not form the subject of copyright, the legal reason being, said the learned judge,

“that the word alone and by itself cannot properly be considered as a ‘literary work’ the subject of copyright under the Act. It becomes part of a ‘literary work’ within the Act when it is embodied in the poem, but it is the poem as a composition which is a work within the Act and not the word itself.”

I have quoted extensively from the learned judge’s judgment in order to adopt it gratefully. It seems to me that the learned judge asked the right question and gave it the right answer”.

31. The *Jabberwocky* analogy should not, of course, be taken too far. *NELLIE THE ELEPHANT* consists of three words rather than the single word *Jabberwocky* in the analogy referred to in the above passage but in contrast to *Jabberwocky* they are not invented words.

32. I pose the question as to why it would be possible to say that *NELLIE THE ELEPHANT* can be considered a literary work (that is one that gives pleasure) when *Jabberwocky* was not? Graham J’s answer in *EXXON* was that it is not the word but the use of the word in the context of a poem that creates a literary work. I can see no obvious reason for coming to a different answer here. What gives *NELLIE THE ELEPHANT* substance, as it were, is the use of those words as part of the lyrics of the musical composition. The words taken on their own do not give pleasure such that the title of the song itself becomes a literary work capable of attracting copyright any more than ‘The man who broke the bank at Monte Carlo’ did in the illustrative example from the *Modern Law of Copyright* referred to above.

33. I would simply add to the above that had I been in any doubt about the outcome I think it would have been right to exercise considerable caution given the possible implications of a different finding. I note in this respect that an amicus curiae was appointed in *EXXON* with Stephenson LJ observing on appeal:

“It is, however, certain that this is the first time, as far as the researches of counsel go, that any court has been asked to hold that there could be copyright in a single invented word or name. It was for that reason, as I understand it, that in this case Graham J sought the assistance of the Attorney-General and invited Mr Mummery to befriend the court. He felt that this claim raised a matter which might affect the public interest adversely in other cases and, as he said, it might be far-reaching in its consequences if granted.”

34. This case does not involve a single word but, so far as I am aware, a different view of the matter would potentially expand the scope of copyright in relation to song titles.

35. The second ground argued under the copyright head is that, because the words NELLIE THE ELEPHANT appear in the lyrics of the song, Animated have taken a substantial part of the copyright material. As I have already indicated, I have serious reservations as to whether it was open to Dash to run that point on the basis of the pleaded case. Accordingly, I am inclined to dismiss it on that basis alone. Had it been necessary to consider the matter, I accept that the authorities suggest that what amounts to taking a 'substantial part' must be assessed upon the basis of quality rather than quantity (*Ladbroke's (Football) Ltd v William Hill (Football) Ltd* [1964] 1 WLR 273). I note that the Modern Law of Copyright gives the following three examples (amongst others) in relation to the issue of substantiality:

Illustration (1) A newsreel film depicted a ceremony in the course of which some 28 bars of the march 'Colonel Bogey' were played by a school band. The whole of the march would have taken about 4 minutes to play, but this extract lasted far less, somewhere between 30 seconds and a minute. Held, the part reproduced by the film was a substantial part of the copyright music, particularly since all the public would recognise it; it was the principal air: *Hawkes & Son Ltd v Paramount Film Service Ltd*. See also *Planché v Braham* (a few lyrics, a minute proportion of work, set to music in opera: infringement).

(2) The defendants made a film called, as was the claimants' song, *The Man Who Broke the Bank at Monte Carlo*. That was the only resemblance between them, apart from the fact that both were concerned with a protagonist who had had an astonishing run of luck at the casino of the above town. Held, although there might conceivably be cases where the taking of a mere title was infringement of copyright, they must be exceedingly rare and this was not one of them: *Francis Day & Hunter Ltd v Twentieth Century Fox Corpn Ltd*.

(3) The claimants owned the copyright in a popular song called 'Her Name is Mary', and they complained of the publication of a serial story under that name, at the head of the first instalment of which were printed the first four lines of their refrain: 'Her name is Mary / The sweetest name I know / And she's the one that I will love / For ever and a day.' The learned judge refused to believe that this had done the claimants any harm; he held that the extract had been applied for a totally different purpose; that the claimants' action was oppressive; and that the defendants had not taken a substantial part of their work: *Chappell & Co Ltd v D C Thompson & Co Ltd*.

(Footnotes omitted)

These illustrations seem to me to strongly suggest that Mr Edenborough's case based on the appearance of the words NELLIE THE ELEPHANT in the lyrics (and thereby representing a substantial part of the copyright material which the proprietors have taken) must fail. A question may also arise as to whether, if the title does not in itself attract copyright, it is possible for it to qualify on the basis that it constitutes a substantial part of the musical composition. In the

circumstances I do not intend to give the point further consideration but I reject the Section 5(4)(b) ground.

36. The second of the pleaded grounds is based on Section 47(1)/3(6) of the Act. Section 3(6) provides that “a trade mark shall not be registered if or to the extent that the application is made in bad faith”. Specifically the applicants say in their statement of grounds:

“4. Additionally, or in the alternative, the application for registration of the trade mark NELLIE THE ELEPHANT under No 1391538 was filed in bad faith as the Applicant for registration, 101 Film Productions Limited knew very well at the time of filing the application that another party, Dash Music Co Limited had a claim on the name NELLIE THE ELEPHANT as a result of their ownership of all the rights in the composition with that name. While 101 Film Productions Limited had been granted a licence in respect of the music and words of the song, nothing in the licence agreement gave 101 Film Productions the right to assume a monopoly over the name NELLIE THE ELEPHANT and Dash Music Co Limited have not subsequently consented to any such monopoly being claimed by 101 Film Productions Limited or any successor in title to that company. The application for registration thus offended against the provisions of Section 3(6) of the Trade Marks Act 1994 and the registration should therefore be deemed invalid according to the provisions of Section 47(1) thereof.”

37. Mr Edenborough’s submission was that the rights conferred on 101 Film/Animated by virtue of the Agreement between 101 Film and Dash were narrow and did not give 101 Film the right to apply for a trade mark. In particular he pointed out that the licence granted to 101 Film was a non-exclusive one and, therefore, similar licences could have been granted to others permitting them to produce film animations or other entertainment items using the music. Finally, he said that 101 Film’s application was a covert act which constituted conduct that “falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined” (per Lindsay J in *Gromax Plasticulture Ltd v Don and Low Nonwovens Ltd* [1999] RPC 367). Mr Stacey’s response on behalf of Animated, is that the Agreement between the parties related to the musical composition only; that it was open to 101 Film to apply for trade mark rights reflecting their particular interests; and that there was nothing in the Agreement document requiring them to notify Dash of their intentions. On that basis there was nothing covert about their actions.

38. The starting point must be the Agreement between Dash and 101 Film. The document is dated 1 January 1987. There is some uncertainty as to quite when the commencement of the licence was triggered in accordance with paragraph 6(a) but it seems likely that it was no later than 31 December 1988 (paragraph 6(a) as amended by the letter of 21 April 1988 – Exhibit GG(B)).

39. The key provisions seem to me to be in the following paragraphs:

1- Dash granted 101 Film “the non-exclusive right licence privilege and authority to record the music and the words of the musical composition set forth below to make copies of said recording

11(a) – “The Publisher [Dash] warrants only that it has the right to grant the licence set out above and such licence is given and accepted without any other representation, warranty or recourse, express or implied.”

11(b) – “ The Producer [101 Film] warrants and undertakes that it will be the absolute owner of all rights of and in the Production throughout the world free from encumbrances and that it has full right and power to enter into this Agreement and to assume the obligations to the Publisher herein set out.”

11(c) – “ All rights hereby licensed shall be personal to the Producer and may not be assigned or transferred either wholly or in part.”

12(a) – “The Publisher specifically reserves unto itself all rights of every kind and nature except those specifically granted to the Producer hereunder.”

14 – “Upon the expiration of the licence all rights herein granted to the Producer shall immediately cease and terminate and the right to make or authorise any further use or distribution of any film or recordings made hereunder shall also cease and terminate.”

40. In broad terms, therefore, the Agreement granted 101 Film limited rights in relation to the use of the musical composition but recognised that 101 Film would be the owner of all rights in the resulting series of animated films using that musical composition. Through the mechanism of the Agreement Dash was in a position to control the nature, extent and duration of use of the musical composition but was not able to grant or control rights other than the specific right that it owned, namely the copyright in this song. Furthermore, it seems to me that the Agreement would (subject to certain necessary caveats including any third party rights) have been ineffective in controlling use of NELLIE THE ELEPHANT in relation to animated films that did not use the musical composition of that name.

41. Nevertheless, as Mr Edenborough stressed, insofar as 101 Film’s actions under the Agreement were concerned what had been granted was a non-exclusive licence. It follows that Dash could concurrently have been granting licences to others to use the musical composition for a variety of purposes which might include activities similar in nature to those undertaken by 101 Film/Animated. In those circumstances was it bad faith on the part of 101 Film to have applied to register NELLIE THE ELEPHANT, and to have done so without reference to Dash (the covert behaviour as Mr Edenborough referred to it)?

42. Dash has been the owner of the copyright in the musical composition since 1956. There is no suggestion that they had, between then and the filing date of 101 Films’ application in 1989, sought to exploit the musical composition in other ways or acquired other IP rights in the name NELLIE THE ELEPHANT either by registration or use. It is true that paragraph 12(a) of the Agreement reserves their position in general terms but on my reading that can only have been in relation to the right they owned, that is to say the copyright in the song. Thus their pleaded case based on having a “claim on the name NELLIE THE ELEPHANT” has not been substantiated. Furthermore, there is no suggestion that conflicting third party rights were identified or made

known to 101 Film either by Dash or as part of the examination and opposition process leading up to the registration of No. 1391538.

43. I can see no reason therefore, why 101 Film should not have sought to register the mark NELLIE THE ELEPHANT for the Class 41 services covered by this registration. Nor, in my view, can their actions be characterised as covert. They were under no obligation to consult Dash about their plans and have not been shown to have acted improperly by trespassing (knowingly or otherwise) on any third-party right. In the circumstances there is no basis for finding that the registered proprietors' behaviour fails the Gromax test. The Section 3(6) objection fails.

44. The application for a declaration of invalidity has failed. The registered proprietors are entitled to an award of costs. I order the applicants to pay them the sum of £1500. 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 15th day of December 2003

**M REYNOLDS
For the Registrar
the Comptroller-General**