

O-392-03

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No 12394  
BY DASH MUSIC CO LIMITED FOR REVOCATION OF  
REGISTRATION No 1391538 STANDING IN THE NAME OF  
ANIMATED MUSIC LTD**

## **TRADE MARKS ACT 1994**

### **IN THE MATTER OF Application No. 12394 by Dash Music Co. Limited for Revocation of registration No. 1391538 standing in the name of Animated Music Ltd**

#### **Background**

1. The trade mark NELLIE THE ELEPHANT is registered in the name of Animated Music Ltd (previously 101 Film Productions Limited) under No. 1391538 for the following specification of services:

#### **Class 41:**

“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. On 6 March 2001 Dash Music Co. Ltd (Dash) applied for this registration to be revoked under the provisions of Section 46(1)(b) on the basis of non-use (and no proper reasons for non-use) for a continuous period of five years up to the date three months before the filing of the application.

3. A counterstatement was filed by Animated Music Ltd (Animated) in which they concede that the original proprietor company was dissolved in 1995 but say that they are successors in title. Animated initially applied to intervene in the proceedings – a request that was allowed by the Registry. I note that Animated have since been recorded as registered proprietors. They contest the claim against their registration.

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

5. Both sides filed evidence. The matter was set down to be heard on 18 November 2003 when Animated was represented by Mr J M Stacey of Barron & Warren and Dash by Mr M Edenborough of Counsel instructed by Williams Powell Associates. This is one of two cases between the parties which were heard on the same day. The other case is an application for invalidation of No. 1391538 by Dash.

#### **The Law**

6. Section 46 of the Act reads:

“46.-(1) The registration of a trade mark may be revoked on any of the following grounds -

- (a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;
- (b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use;
- (c) that, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service for which it is registered;
- (d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

(2) For the purposes of subsection (1) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the five year period and before the application for revocation is made:

Provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the application shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.

(4) An application for revocation may be made by any person, and may be made either to the registrar or to the court, except that -

- (a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and
- (b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(5) Where grounds for revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only.

(6) Where the registration of a trade mark is revoked to any extent, the rights of the proprietor shall be deemed to have ceased to that extent as from -

- (a) the date of the application for revocation, or
- (b) if the registrar or court is satisfied that the grounds for revocation existed at an earlier date, that date.”

7. Section 100 is also relevant and reads:

“100. If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

### **Relevant period**

8. Dash’s statement of case refers to a period of non-use of “five consecutive years at least” up to the date three months before the filing of the application. Whilst the use of the words “at least” may suggest that Dash considers there has been a longer period of non-use, no specific date is mentioned. I, therefore, regard the five year period as being 6 December 1995 to 5 December 2000.

### **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 license 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. A copy of the licence agreement between the companies is exhibited (RW2) to evidence given by Robert Wise on behalf of Dash. Mr Wise is both a Director of Dash and Managing Director of Music Sales Ltd, Dash’s parent company. In the context of the related proceedings particularly there is some dispute as to what rights were granted to 101 Film. For present purposes it will be sufficient to record Mr Wise’s summary of the financial provisions contained in the licence:

“Under the provisions of the licence, in addition to an initial fee payable for the grant of the licence, 101 needed to pay Dash a 4% royalty in respect of gross income earned directly or indirectly by the exploitation of the television series up to the point where the production costs of the series had been recouped and a royalty of 5% thereafter. The last

payment Dash received from 101 under the agreement arrived in December 1996. As it can be appreciated, there is a long time lag between income from the series being earned and accounting and paying the royalties to Dash. I can therefore say with certainty that the income represented by the December 1996 payment could not have been earned later than 1995, well over five years before this action for revocation was filed.”

11. At this point I propose to turn to the evidence filed on behalf of Animated. This comes in the form of a witness statement by James Maxwell Stacey, Animated’s professional representative in this matter. The evidence he gives is said to come either from his own research or from materials supplied to him by Mr Terence L Ward of Animated, who was also previously a Director of 101 Film.

12. Mr Stacey confirms, by reference to Companies House correspondence, that 101 Film was dissolved pursuant to Section 652A of the Companies Act on 15 July 1997 (Exhibit JMS1). However, pursuant to a Board resolution all rights held in the company were assigned to Animated including all rights in the character Nellie The Elephant. A copy of a Trade Marks Registry Assignment Certificate along with the minutes of the relevant Board meeting and assignment document are exhibited at JMS2.

13. Mr Ward is said to be the originator of the concept (which I take to mean a series of cartoon animations based on the Nellie The Elephant character). Animated do not dispute the licensing deal with Dash in relation to the song but deny that the arrangement involved the granting of any intellectual property rights to Dash. Animated’s view of the matter is that Dash simply own the copyright in the song.

14. Animated’s evidence of use is contained in three exhibits:

- JMS4 - royalty statements relating to distribution of the animation series through Filmfair Ltd, a subsidiary of CINAR based in Canada. Dash is shown as being entitled to a 5% licence fee;
- JMS5 - a copy of CINAR’s current brochure promoting the programmes and recordings it has available for broadcasters;
- JMS6 - material relating to negotiations with various parties but particularly Just Group Plc for a new television series. The material consists of revised drawings of the Nellie character, a new style logo and a flyer produced by Just Entertainment Ltd, a subsidiary of the Just Group Plc.

15. I will return to the detail of these exhibits below. The only other evidence filed by Animated is contained in a further witness statement by Mr Stacey. It consists of website and other material demonstrating the existence and business of various of the companies with which Animated claims to have had dealings. This material appears to be after the relevant date and of no assistance in relation to the specific mark at issue in this case. The remainder of the evidence, that is to say Mr Wise’s witness statement and one from George Goble are in the main commentaries on Mr Stacey’s evidence and the exhibits thereto.

16. That concludes my review of the evidence.

17. The European Court of Justice (ECJ) has given guidance on what constitutes genuine use of a trade mark in *Ansul BV and Ajax Brandbeveiliging BV (Minimax)* – [2003] RPC 40:

“36. ‘Genuine use’ must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.

37. It follows that ‘genuine use’ of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial *raison d’être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark.

38. Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.

39. Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or services at issue, the characteristics of the market concerned and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market.

40. Use of the mark may also in certain circumstances be genuine for goods in respect of which it is registered that were sold at one time but are no longer available.”

18. Issues arise in this case both as to whether 101 Film/Animated’s use can be said to have maintained or created a share in the market and whether their use of the mark can be considered to be trade mark use in relation to the Class 41 services of the registration. The latter point is fundamental. It is clear from *Ansul* (paragraph 36) that the use shown by the registered proprietor must be in accordance with the essential function which is to guarantee the identity of

the origin of the goods or services. The applicants say that 101 Film's/Animated's use has not been trade mark use. I was referred at the hearing to a decision of the OHIM Opposition Division in *Francis Fitzpatrick v Disney Enterprises*, No 951/2001 (a case involving the name of a fictional character). The particular passage relied on is as follows:

“The Office has to look for trade mark use for the various signs that the opponent claims enjoy a reputation or are well-known trade marks. The fact that characters which the opponent claims are trade marks might appear in books, videos etc or as items of decoration on stationery does not indicate that they are being used or will be perceived as trade marks. If the opponent claims that various signs are well-known marks or enjoy a reputation as trade marks it is necessary for the public to see them as trade marks. The opponent has shown many titles of works that include eg Winnie the Pooh, however it is a great leap of faith from presuming that a title or character represents the badge of origin. A leap of faith that is made far more difficult as the use of the characters' names is always in relation to their appearance in the videos, books etc. So what the opponent effectively proves is that the characters are well known as characters, not as trade marks. A different scenario would occur if the characters' names were used in relation to goods that do not relate to them; then it could be far more reasonably argued that the characters' names are used primarily as trade marks. In relation to publications, whether recorded or in print the public is well used to discriminating between eg the publisher and the title of the book. In the instant case the evidence that the opponent has furnished is indicative that Walt Disney and Disney are invariably used in relation to the goods and used in such a way that the other matter will be seen as the indicator of origin, the trade mark. It is not certain how the opponent could seek assistance from certain of the evidence. It includes picture of the cartoon characters with no wording, how does this assist in showing trade mark use in relation to word only signs? It is also to be noted that much of the evidence emanates from Walt Disney Company (Benelux) S.A/N.V.; which is not a party to the proceedings. This evidence becomes even more problematic as much of it refers to Winnie-de-Poeh, not a sign that the opponent has referred to in his opposition.

Characters of fiction may be trade marks, there is nothing to exclude them from acting as such. However, what makes them trade marks is either the fact of registration as trade marks or use in such a way that they will be seen as trade marks. Even when they enjoy registration the question of reputation and renown will depend on the ability of the public to identify them as indicators of origin; and not to simply see them as characters or titles or items of decoration.”

19. In a somewhat different factual context the issue of whether the name of a performer whose name appears on a CD cover is simply descriptive use or indicative of a trade origin connection between the performer and the compact disc arose in *R v Johnstone*, [2003] UKHL 28. Lord Nicholls of Birkenhead commented as follows in relation to the respondent's actions:

“..... What he did was to include on the CD labels and, I assume, the accompanying packaging, the name of the group or artist whose performance was recorded on the CD in question: Bon Jovi in the case of count 1, U2 in the case of count 2, Rolling Stones in the case of count 3, and so on. Considered as a matter of principle, the position in this type

of case is as follows. If the name of the artist or group affixed to the compact disc and displayed on the packaging is exclusively an indication of the name of the performer whose performance is recorded on the compact disc, and if this use of the name of the performer is not likely to be understood as indicating any other connection between the performer and the company disc, then such use would be descriptive only. By identifying the performer it would be descriptive of the contents of the disc and nothing more. It would not be an indication of the trade 'origin' of the disc itself. Whether particular labelling and packaging satisfy this test, and consequently are innocuous for trade mark purposes, is a question of fact in each case.

37. On this question of fact different minds may sometimes reach different conclusions. This is illustrated by the decision of the Federal Court of Australia, sitting as a Full Court, in *Musidor BV v Tansing* (t/a Apple Music House) [1994] 123 ALR 593. Tansing manufactured and sold compact discs bearing bootleg recordings of live performances by the Rolling Stones group in the 1960s. The packaging bore a photograph of the Rolling Stones and the name Rolling Stones in prominent lettering. The compact discs also bore the names Rolling Stones. 'Rolling Stones' was registered as a trade mark for compact discs. The majority of the court, comprising Gummow and Heerey JJ, held that this use did not infringe the trade mark because it was not used as a trade mark. Use of the words 'Rolling Stones' on the packaging and discs would convey to the prospective purchaser that if he bought the disc and played it there would emerge music of the well known group Rolling Stones. There is no other way of readily identifying the group whose performance was recorded on the disc.

38. In his dissenting judgment Davies J reached a different conclusion on how this use of the words Rolling Stones would be understood. He expressed himself in quite general terms. If a trade mark is used in relation to sound recordings, and the name is that of a musical group, 'the use of the mark will ordinarily inform the public that the article is a recording of a performance by the group *and that its release has been authorised by them or their organisation*' [my emphasis]: see page 594.

39. In the present case the court of Appeal preferred the minority opinion of Davies J, while emphasising that whether a mark is used as a trade mark is a question of fact in every case. I do not understand the Court of Appeal to have been saying that the test applicable when deciding this question of fact is different from what I have set out above. If they were, I respectfully disagree."

20. Mr Stacey, quite rightly, pointed out that the OHIM decision is not binding on me and that the Johnstone case turned on its own particular facts. Lord Nicholls' judgment acknowledges also that the question of whether a particular usage is or is not trade mark use is a question of fact in each case.

21. There is a limited amount of evidence available to me in this case. None of it is in my view supportive of the registered proprietors' position. The invoices at Exhibit JMS4 are advanced as evidence of television licensing of an animated film bearing the title NELLIE THE ELEPHANT. There are in any case difficulties in interpreting the invoices but at most they may be said to

show use of NELLIE THE ELEPHANT as the name of a cartoon character and to indicate the subject matter of the films. What they do not show is use of that name as an indication of the trade source of the Class 41 services. On the contrary they are indicative of content. The source of the content is indicated by references to the name 101 Productions (see, for instance that name shown as being the recipient of licensing receipts).

22. The CINAR brochure at JMS5 is after the relevant date but in so far as it is relied on by Animated is against them. NELLIE THE ELEPHANT is listed as one of a series of 50 or so titles most if not all of which are the names of cartoon films or programmes. NELLIE THE ELEPHANT is simply indicative of the content or subject matter of one of the titles available.

23. JMS6 consisting of drawings and a flyer produced by or for Just Entertainment again shows NELLIE THE ELEPHANT as the name of the character. There is an acknowledgement that the drawing of the character is the subject of Animated's copyright but the only obvious indicator of origin in relation to the service of producing the film is the indicator on the front page "26x30 mins episodes produced by Just Entertainment".

24. I have little hesitation in concluding on the basis of the evidence available that NELLIE THE ELEPHANT has not been shown to have been used to indicate the trade origin of any of the services that are the subject of No 1391538. Anyone wishing to avail themselves of any of the registered proprietors' film production etc services would be likely to do so by reference to the names 101 Film or Animated Music. It has been shown that they do so by reference to the name NELLIE THE ELEPHANT. The consequence is that the application for revocation must succeed.

25. In the light of the above I do not find it necessary to give further detailed consideration to the registered proprietors' evidence. For the record I will briefly record that submissions were made about the effect of the assignment of rights from 101 Film to Animated; the terms of the Agreement between Dash and 101 Film and whether the use shown fell outside the terms of the licence; and, if those hurdles were surmounted whether the exhibited material was sufficient to constitute genuine use within the terms of the Ansul guidance. I will simply say that the registered proprietors appear to have a legitimate claim to be the owners of the copyright in the drawing of, or production based on, the NELLIE THE ELEPHANT character. The evidence in support of the claim to genuine use of the trade mark registration is thin (once material that is not clearly within the relevant period is discounted) and largely restricted to a small number of royalty statements without supporting explanation of the content of the statements or anything to put the limited material available into a proper trading context. There are further difficulties in as much as Dash say that they have not received income that would theoretically have become due if genuine use had taken place. The Courts have emphasised the need for the registered proprietor to prove their case with great care particularly where a few items or small amounts of use are relied on (see *Philosophy Di Alberta Ferretti Trade Mark* [2003] RPC 15 and *Laboratoires Goemar SA's Trade Marks* [2002] ETMR 34). On the basis of the material presented in this case I would have held that they had failed to substantiate their claim to genuine use.

26. Accordingly, the registration falls to be revoked under Section 46(5) in relation to all the services for which it is registered. The registration will be revoked with effect from 5 December 2000.

27. The applicants have been successful and are entitled to a contribution towards their costs.

28. I order the registered proprietor to pay them the sum of £2000. 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 15<sup>th</sup> day of December 2003**

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