

Neutral Citation Number: [2003] EWHC 2914 (Ch)

Case No: HC 02C 02112

**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 2 December 2003

Before :

**MR PETER PRESCOTT QC (sitting as a deputy judge)**

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**Between :**

**(1) R. GRIGGS GROUP LIMITED**

**(2) R. GRIGGS & CO LIMITED**

**(3) AIRWARE LIMITED**

**Claimants**

**- and -**

**(1) ROSS EVANS**

**(2) RABEN FOOTWEAR PTY LIMITED**

**(3) RONNY LEOPOLD LEWY**

**(4) GARRY LEWY**

**Defendants**

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**Richard Hacon** (instructed by **Shoosmiths**) for the Claimants  
**Robert Onslow** (instructed by **Lamb & Holmes**) for the First Defendant  
**Denise McFarland** (instructed by **Collyer Bristow**) for the Second to Fourth Defendants

Hearing dates : 25th, 26th and 27th November 2003

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JUDGMENT

**Mr Peter Prescott QC:**

1. A client goes to an advertising agency and pays them to design a new logo. The agency employs a free-lance designer to produce the design. Nothing is said about copyright. Who gets the copyright in the logo? That is what this case is about.
2. In this case the logo has been used for many years on Dr Martens footwear. The story of Dr Martens is so improbable that no novelist would have dared to invent it.

**The Dr Martens Story.**

3. Everybody has heard of Dr Martens, also known as “Doc Martens”, “Docs”, or “DMs”. As the Oxford English Dictionary explains, it is “A proprietary name for a type of heavy laced walking boot or shoe with a cushioned sole”. The sole is, in fact, air-cushioned. The sole was originally developed by two German doctors, Dr Maertens and Dr Funck. They made “Dr Maertens” shoes for sale to elderly German women with foot trouble. (Not many people know that.) But in the 1950s the concept was spotted by boot manufacturer Bill Griggs of Wollaston, Northamptonshire, whose grandson Stephen gave evidence before me.
4. Bill Griggs’ family firm made the famous bulldog boot used by the British army, but they were looking for a new product. With the permission of the German doctors, Griggs (as I shall call them<sup>1</sup>) made some key changes to the design. For example they gave it a strong leather upper with a bulbous shape. Griggs began to manufacture these heavy boots for sale to workmen. The first one in the range came off the production line on 1 April 1960 (hence the sub-brand ‘1460’).
5. At first they were worn by postmen, builders, factory workers and so forth. They became standard issue police boots. Police officers are called out to deal with accidents and it is an advantage of a Dr Martens boot that the sole is resistant to petrol and other chemicals. Further, and according to the 2001 edition of *Superbrands* (a publication about 100 of Britain’s strongest brands), policemen reckoned that the soft sole proved invaluable for sneaking up on criminals. The boots were also standard uniform for skinheads and football hooligans, and were taken up by the Rt Hon Tony Benn, PC, MP.
6. However, and by one of those paradoxes of youth culture that perplex the old, the very fact that the Dr Martens boots were the reverse of fashion items, itself served to make them fashionable. A trendy young girl would wear Dr Martens boots with a feminine Laura Ashley

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<sup>1</sup> The Second Claimants are the successors to the original Griggs firm. The Third Claimants deal with the wholesaling of Dr Martens products. The First Claimants are the holding company. There is no

skirt. It had the combined advantages of provoking her parents and her male admirers, though for different reasons. By 1994 half of Dr Martens wearers were women. “A sixteen-year-old girl is more likely to buy a pair of DMs as her first solo purchase than a teetering pair of stilettos” (*Superbrands*). “The profile of Dr Martens customers is extremely diverse. They are worn by popstars and policemen, super models and street buskers; the brand is popular with people of all backgrounds and all ages” (*The World’s Greatest Brands*, Interbrand, 1996).

7. Today there more than 250 different styles of Dr Martens footwear. The products are sold in over 78 countries, the U.S. alone accounting for 60% of sales.

**Branding.**

8. The phrase ‘Dr Martens’ is an anglicised version of “Dr Maertens”, and is a registered trade mark that belongs to the successors of the two German doctors. It is used by Griggs under licence. When Griggs introduced their Dr Martens boot they were concerned that the licence might not last for ever. So they also employed a trade mark of their own: ‘AirWair’. This word too is a registered trade mark. It appears in yellow lettering on a loop attached to the heel of the boot. In fact, it is the trade mark which is displayed most prominently on the footwear, and always has been.
9. So, if you had inspected a pair of Dr Martens boots before the year 1988, you would have found them to bear two different brands: Dr Martens and AirWair. They were represented in stylised form, and looked like this.

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need to distinguish between them for the purposes of this judgment and so I shall refer to them as “Griggs”.



I was not told who were the authors of those drawings, but the AirWair drawing was based on the doodles and handwriting of Bill Griggs himself.

10. In 1988 Griggs were in the process of reorganising their business. As part of that exercise they decided it would be a good idea to combine the Dr Martens and AirWair logos so as to form a single logo. According to Mr Stephen Griggs “to combine the two logos would inextricably link us together making it more difficult to split the brands and ultimately lose the Dr Martens licence”. This was done in about August 1988, and the combined logo looked like this:



From 1988 onwards the combined logo has always<sup>2</sup> appeared on the sock sole of Dr Martens footwear. (As its name implies, the “sock sole” is the part of a boot or shoe that your sock rests on.) As I understand it, the AirWair logo continues to appear on the loop attached to the heel.

#### **How the Present Dispute Arises.**

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<sup>2</sup> There may have been small variations or modifications at various times, but the essence of the matter is stated in the text.

11. The Defendants assert that the copyright in the combined logo, at least when it is present on the footwear, has never belonged to Griggs. They accept that the drawing of the combined logo was commissioned by Griggs from a local advertising agency, and they accept that Griggs paid for the commission. But they point out that the drawing of the logo was made by Mr Ross Evans, the First Defendant. He was not an employee of the agency. He was accustomed to do work for the agency on a free-lance basis, and did so on this occasion. Thus, say the Defendants, it was Mr Evans who was the first owner of the copyright. On 13 May 2002 Mr Evans assigned the copyright to the Second Defendants, Raben Footwear Pty Limited, who assert that they are the current owners<sup>3</sup>.
  
12. Raben are an Australian footwear company. They own a number of retail outlets in that country. While it might not be strictly accurate to say they are a competitor of Griggs, it is clear that they must be regarded as an enemy. I wondered why Raben had taken the trouble to buy the copyright in this combined logo. I asked counsel for Raben what was the purpose. Counsel said, on instructions, that Raben had no intention of using the copyright to sue Griggs for infringement. I enquired, therefore, what was the point of the present litigation. As a result, a director of Raben, Mr Garry Lewy, went into the witness-box. He told me that Raben had been ill-treated by Griggs in connection with previous litigation in Australia, and that they hold Griggs in distrust.
  
13. The merits of Raben's grievance arising from the Australian proceedings are not a material issue in the present case and it would be wrong for me to attempt to adjudicate on them. If Raben are indeed the valid owners of the copyright in the logo they are entitled to assert it, and need no grievance in justification. If they are not the valid owners, no collateral grievance can justify their usurpation of Griggs' property. What was quite clear to me, however, is that Mr Lewy and, by extension, Raben, are hostile to Griggs. Even if it is true that they have no present intention of stopping Griggs from using the logo on their footwear, they might change their minds in future. Or they might assign the copyright to an undoubted and formidable competitor of Griggs. And, quite apart from any risk of Raben wanting to stop Griggs, there is the question of Griggs wanting to stop others from using the logo in territories where they do not yet own effective trade mark rights. So, the result of this case matters.
  
14. It is because of the assignment of the copyright in the combined logo from Mr Evans to Raben that Griggs have launched these proceedings. Griggs claim that is they who are the beneficial owners of all aspects of the copyright in that logo. They seek a declaration accordingly, and an order that the copyright be formally assigned to them.

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<sup>3</sup> The Third and Fourth Defendants are directors of the Second Defendant and effectively control it. From now on I shall refer to the Second to Fourth Defendants as "Raben" for the sake of convenience.

15. So the dispute in this case is about the ownership of the copyright in the combined logo. Note that I say the *copyright* in the logo. It is not the same as the ownership of the *trade mark* rights in the logo. The point is that it is possible for these to belong to different people.

#### **Copyright vs. Trade Mark in a Logo.**

16. The Concise Oxford Dictionary defines ‘logo’ as “an emblem or device used as the badge of an organisation in display material”. A logo may be protected against unauthorised use by (1) copyright law (2) trade mark law. There is a fundamental difference between the two.
17. Copyright law protects the skill and labour that has gone into the creation of an original work<sup>4</sup>. A simple word or phrase, like “Dr Martens”, is not capable of being copyright, and for two reasons. First, it is not a ‘work’<sup>5</sup>. Secondly, and in the ordinary way, its creation does not imply sufficient literary skill or labour<sup>6</sup>. So no-one has ever had a copyright in the phrase “Dr Martens”, as such.
18. However, a drawing is capable of being a ‘work’. So if an artist uses his skill and labour to draw a word or phrase in a stylised way, as in the case of a logo, his drawing is capable of being an original work, protected by copyright law. Unauthorised persons are not entitled to copy it. This is so irrespective of whether the logo has ever been used by way of trade, and irrespective of whether it is known to any members of the public. Of course, the artist gets no copyright in the word or phrase, as such.
19. Here it is common ground that the combined logo is protected by copyright law.
20. Now take trade mark law. The purpose of this branch of the law has nothing to do with protecting any creative skill and labour in coming up with a trade mark. A trade mark might be a drawing, as in the case of a logo, but it might as easily be an unadorned word or phrase, created without any act of the imagination whatever, as in the case of “Barclays Bank” written on a typewriter.

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<sup>4</sup> There is another kind of copyright that protects certain works e.g. sound recordings irrespective of skill and labour. It is not relevant to this case.

<sup>5</sup> *Exxon Corp v. Exxon Insurance Consultants International Ltd* [1982] Ch 119, C.A. (no copyright in the word “Exxon”).

<sup>6</sup> *Francis Day & Hunter Ltd v. Twentieth Century Fox Corpn* [1940] AC 112, PC (no copyright in the phrase “The Man Who Broke the Bank at Monte Carlo”).

21. The function of a trade mark is to distinguish the goods or services of one organisation from those of others. The purpose of trade mark law is to prevent the impairment of that function. That function is impaired when a rival organisation uses a similar word, phrase or logo in circumstances such that the public are likely to be confused. Sometimes it is impaired when, although there is no confusion, the effect is to harm the distinctiveness or reputation of the trade mark.
22. There are two ways in which trade mark law may achieve its purpose: by registration, or by the law of passing off. For example, “Dr Martens” and “AirWair” are registered at the Trade Marks Registry. The owners of these registered trade marks can bring legal proceedings against anybody who uses an identical or similar trade mark, but only in circumstances defined by the Trade Marks Act 1994. Thus a magazine article criticising Dr Martens boots would not infringe the registered trade mark ‘Dr Martens’.
23. It is not necessary to register a trade mark in order to protect it. An alternative is to use the common law. Put broadly, the common law says that no trader may pass off his goods or services as those of another. Typically, this happens when one trader has adopted a trade mark and has used it long enough for it to have achieved some recognition in the market place, and a rival trader starts to use a trade mark which is so similar that the public are misled into getting “the wrong brand”.
24. An unregistered trade mark cannot be protected unless it has achieved some recognition in the market place. If it has not yet achieved recognition, it is impossible for members of the public to be misled into getting “the wrong brand”. How could they be, seeing that they do not yet know the right brand?
25. In contrast, a registered trade mark achieves protection as soon as it is validly registered, even though it may not yet have been used in business.
26. As I have said, it is possible for the *trade mark* rights in a logo and the *copyright* in that same logo to belong to different people. Here is a simple example, and I shall take the liberty of using the name of Barclays Bank, with apologies to that reputable organisation. An artist writes in to Barclays Bank saying: “I have designed a new logo for your business (specimen enclosed). I believe it is a more attractive way of presenting your bank’s name. Are you interested in using it? If so, I will sell you the copyright for £10,000”. The bank politely declines. The artist continues to own the copyright in his new version of the Barclays logo. The bank continues to own the trade mark rights in *all* versions of ‘Barclays’ – even in the artist’s version of the logo.

27. In case it is not obvious why, here is the explanation. If the bank started to use the artist's version of the logo after all, without his permission, they would be taking advantage of his skill and labour in coming up with his original design. Copyright law prohibits this. But if the artist were to sell his logo to a rival bank and that bank started to use this logo in connection with its business, that would be a misuse of the business goodwill associated with the word 'Barclays'. Trade marks law prohibits this.
28. Put another way, neither copyright nor a trade mark right are a right to *do* anything. They are a right to stop other people from doing something. The rights are purely<sup>7</sup> negative. This explains why, in the above example, neither the artist nor the bank is allowed to use the artist's logo in connection with a banking business.
29. That said, there will not be many circumstances in which the artist will be at liberty to exploit his drawing of the logo commercially, without the permission of the bank. This is because most commercial uses one can think of are likely to convey the imputation that the project is being sponsored or endorsed by the bank – contrary to trade mark law. In reality, if the bank does not wish to use the new logo the value of the artist's copyright is practically nil. But in the present case Griggs do wish to use the combined logo, and have been doing so on a large scale for years.

#### **Trade Mark Rights in the Logos.**

30. As I have said, 'Dr Martens' and 'AirWair' are registered trade marks. I need to add some more details. 'Dr Martens', the phrase in plain lettering, is registered for soles for boots and shoes, and has been since 1972. 'AirWair', the word in plain lettering, is registered for boots and shoes, and has been since 1965. Further, the *AirWair logo* is registered for articles of outer clothing and footwear, and has been since 1986.<sup>8</sup>
31. Notice that these registrations do not confer a complete monopoly. They only protect the marks against misuse contrary to trade mark law. A newspaper headline saying "Tony Benn stops wearing Doc Martens" does not infringe any registered trade mark. If, to illustrate the story, the newspaper prints a copy of the AirWair logo, it does not infringe the registered trade mark either. It may or may not be infringing the *copyright* in the AirWair logo (if any), but that is a different matter. And, of course, it is not infringing the copyright in the words 'AirWair' or 'Dr Martens', as such, for such copyright does not exist or ever could do.

#### **Who Owns a Copyright?**

32. Section 11 of the Copyright, Designs and Patents Act 1988 says:

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<sup>7</sup> There may be circumstances in which registration of a trade mark confers a positive right to use it with respect to the owner of another registered trade mark. This does not matter for present purposes.



(1) The author of a work is the first owner of any copyright in it, subject to the following provisions.

(2) Where a literary, dramatic, musical or artistic work is made by an employee in the course of his employment, his employer is the first owner of any copyright in the work subject to any agreement to the contrary.

33. However, it is well established that this refers to the *legal* title to the copyright. But it is possible for a person to own the legal title to property, not for his own benefit, but for the benefit of another person. That other person is said to be the owner in *equity*. It is well established that the section 11 of the Copyright Act does not purport to legislate for equitable ownership, which is left to a well established body of rules that have been built up by the courts over many generations. For example, suppose a free-lance designer orally agrees with a company that he shall create a website for use in its business, for payment, and on terms that the copyright shall belong to the company. Because the designer is not an employee of the company the legal title to the copyright belongs to him, because the Copyright Act says so; but the equitable title belongs to the company. This means that the designer can be called upon to assign the legal title to the copyright to the company; and, if he refuses, the law will compel him to do so.
34. An equitable title is thus stronger than a legal title, with one exception. If the legal owner should sell the copyright to a third party who buys it in good faith, without having had notice of the equitable interest, the buyer acquires full ownership, free of the claims of the equitable owner. For that reason it is always prudent for the equitable owner to insist on a document, signed by the legal owner, transferring the legal title to the copyright to him, and to do so as soon as possible.
35. Now, it is often the case that a copyright work is commissioned by a client: the client pays for the work to be created, but nothing is said about copyright. It is clear that the free-lance artist is the legal owner of the copyright, for section 11 of the Act so provides. But who is the owner in equity? The cases on that topic were reviewed by Lightman J in *Robin Ray v. Classic FM plc* [1998] FSR 622, who said (at 640):

There has been cited to me a considerable number of authorities where a copyright, brought into existence by a person ("the Contractor") pursuant to a contract for services with another ("the Client"), has been held to belong in

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<sup>8</sup> There may be further registrations, but if so they are not relevant to this case.

equity to the Client. One example is *Massine v de Basil* [1936-45] MCC 233. What was at issue in that case was the copyright in the plaintiff's choreography for a ballet intended to form part of the repertoire of the defendant's ballet company. The Court of Appeal held that the contract between the defendant and the plaintiff was that of employer and employee, and accordingly the copyright vested in the defendant as employer. But the Court also held that, even if the contract was not one of employment but for services, it was an implied term of the contract that the plaintiff as Contractor would assign the copyright to the defendant as Client. The Court emphasised that the ballet was a composite work of which the elements were the music, the story, the choreography or notation of the dancing, the scenery and the costumes, and held that it must necessarily have been intended that the copyright in the whole ballet and each of its component elements should be in the Client.

The issue in every such case is what the Client under the contract has agreed to pay for and whether he has "bought" the copyright. The alternatives in each case are that the Client has bought the copyright, some form of copyright licence or nothing at all. It is common ground in this case that by implication the Consultancy Agreement at the least confers on the Defendant a licence to use the copyright material for the purposes of its radio station. The issue is whether the Defendant impliedly bought the copyright or a more extensive licence than the limited licence conceded.

The general principles governing the respective rights of the Contractor and Client in the copyright in a work commissioned by the Client appear to me to be as follows:

- (1) the Contractor is entitled to retain the copyright in default of some express or implied term to the contrary effect;
- (2) the contract itself may expressly provide as to who shall be entitled to the copyright in work produced pursuant to the contract. Thus under a standard form Royal Institute of British Architects ("RIBA") contract between an architect and his client, there is an express provision that the copyright shall remain vested in the architect;
- (3) the mere fact that the Contractor has been commissioned is insufficient to entitle the Client to the copyright. Where Parliament intended the act of

commissioning alone to vest copyright in the Client e.g. in case of unregistered design rights and registered designs, the legislation expressly so provides (see Section 215 of the 1988 Act and Section 1(a) of the Registered Designs Act 1949 as amended by the 1988 Act). In all other cases the Client has to establish the entitlement under some express or implied term of the contract;

(4) the law governing the implication of terms in a contract has been firmly established (if not earlier) by the decision of the House of Lords in *Liverpool City Council v. Irwin* [1977] AC 239 ("*Liverpool*"). In the words of Lord Bingham MR in *Philips Electronique v. BSB* [1995] EMLR 472 ("*Philips*") at 481, the essence of much learning on implied terms is distilled in the speech of Lord Simon of Glaisdale on behalf of the majority of the Judicial Committee of the Privy Council in *BP Refinery (Westernport) Pty Ltd v. The President, Councillors and Ratepayers of the Shire of Hastings* (1978) 52 ALJR 20 at 26:

*"Their Lordships do not think it necessary to review exhaustively the authorities on the implication of a term in a contract which the parties have not thought fit to express. In their view, for a term to be implied, the following conditions (which may overlap) must be satisfied: (1) it must be reasonable and equitable; (2) it must be necessary to give business efficacy to the contract, so that no term will be implied if the contract is effective without it; (3) it must be so obvious that 'it goes without saying'; (4) it must be capable of clear expression; (5) it must not contradict any express term of the contract."*

Lord Bingham added an explanation and warning:

*"The courts' usual role in contractual interpretation is, by resolving ambiguities or reconciling apparent inconsistencies, to attribute the true meaning to the language in which the parties themselves have expressed their contract. The implication of contract terms involves a different and altogether more ambitious undertaking: the interpolation of terms to deal with matters for which, ex hypothesi, the parties themselves have made no provision. It is because the implication of terms is so potentially intrusive that the law imposes strict constraints on the exercise of this extraordinary power."*

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*The question of whether a term should be implied, and if so what, almost inevitably arises after a crisis has been reached in the performance of the contract. So the court comes to the task of implication with the benefit of hindsight, and it is tempting for the court then to fashion a term which will reflect the merits of the situation as they then appear. Tempting, but wrong."*

(5) where (as in the present case) it is necessary to imply the grant of some right to fill a lacuna in the contract and the question arises how this lacuna is to be filled, guidance is again to be found in *Liverpool*. The principle is clearly stated that in deciding which of various alternatives should constitute the contents of the term to be implied, the choice must be that which does not exceed what is necessary in the circumstances (see Lord Wilberforce at p.245 F-G). In short a minimalist approach is called for. An implication may only be made if this is necessary, and then only of what is necessary and no more;

(6) accordingly if it is necessary to imply some grant of rights in respect of a copyright work, and the need could be satisfied by the grant of a licence or an assignment of the copyright, the implication will be of the grant of a licence only;

(7) circumstances may exist when the necessity for an assignment of copyright may be established. As Mr Howe has submitted, these circumstances are, however, only likely to arise **if the Client needs in addition to the right to use the copyright works the right to exclude the Contractor from using the work and the ability to enforce the copyright against third parties** [my emphasis]. Examples of when this situation may arise include: (a) where the purpose in commissioning the work is for the Client to multiply and sell copies on the market for which the work was created free from the sale of copies in competition with the Client by the Contractor or third parties; (b) where the Contractor creates a work which is derivative from a pre-existing work of the Client, e.g. when a draughtsman is engaged to turn designs of an article in sketch form by the Client into formal manufacturing drawings, and the draughtsman could not use the drawings himself without infringing the underlying rights of the Client; (c) where the Contractor is engaged as part of a team with employees of the Client to produce a composite or joint work and he is unable, or cannot have been intended to be able, to exploit for his own benefit the joint work or indeed

any distinct contribution of his own created in the course of his engagement: see *Nichols Advanced Vehicle Systems Inc v. Rees* [1979] RPC 127 at 139 and consider *Sofia Bogrich v. Shape Machines* unreported, 4th November 1994 and in particular page 15 of the transcript of the judgment of Aldous J. In each case it is necessary to consider the price paid, the impact on the Contractor of assignment of copyright and whether it can sensibly have been intended that the Contractor should retain any copyright as a separate item of property;

(8) if necessity requires only the grant of a licence, the ambit of the licence must be the minimum which is required to secure to the Client the entitlement which the parties to the contract must have intended to confer upon him. The amount of the purchase price which the Client under the contract has obliged himself to pay may be relevant to the ambit of the licence. Thus in *Stovin-Bradford v. Volpoint Properties Ltd* [1971] 1 Ch 1007, where the Client agreed to pay only a nominal fee to his architect for the preparation of plans, he was held to have a licence to use the plans for no purpose beyond the anticipated application for planning permission. By contrast in *Blair v. Osborne & Tompkins* [1971] 21 QB 78, where the client was charged the full RIBA scale fee, his licence was held to extend to using the plans for the building itself. Guidance as to the approach to be adopted is provided in a passage in the judgment of Jacobs J. in *Beck v. Montana Construction Pty* [1964-5] NSW 229 at 235 cited with approval by Widgery LJ in *Blair v. Osborne & Tompkins supra* at p.87:

*"it seems to me that the principle involved is this; that the engagement for reward of a person to produce material of a nature which is capable of being the subject of copyright implies a permission, or consent, or licence in the person giving the engagement to use the material in the manner and for the purpose in which and for which it was contemplated between the parties that it would be used at the time of the engagement."*

(9) the licence accordingly is to be limited to what is in the joint contemplation of the parties at the date of the contract, and does not extend to enable the Client to take advantage of a new unexpected profitable opportunity (consider *Meikle v. Maufe* [1941] 3 All ER 144).

### **The Principle as Applied to Logos.**

36. It seems to me that when a free-lance designer is commissioned to create a logo for a client, the designer will have an uphill task if he wishes to contend that he is free to assign the copyright to a competitor. This is because, in order to give business efficacy to the contract, it will rarely be enough to imply a term that the client shall enjoy a mere licence to use the logo, and nothing more. In most cases it will be obvious, it will “go without saying”, that the client will need further rights. He will surely need some right to prevent others from reproducing the logo.
  
37. Indeed it seems to me that, in the ordinary way, a logo is a paradigm case falling within principle (7) in Lightman J’s formulation.
  
38. It is true that the client may be able to register the logo as a trade mark, and stop his competitors from using it in that way. It is also true that the client may, by starting to use the logo, cause it to acquire recognition in the market, and hence be in a position to stop his competitors from imitating his logo, by means of the law of passing off. But it takes time to register a trade mark and it takes time to build up market recognition. Further, almost certainly there will be foreign territories in which the client does not yet trade, where he may eventually wish to trade, but where it may take him some time to get established. In contrast, copyright in the logo comes into existence as soon as the logo is created.
  
39. I am, of course, presupposing a case in which the author of the logo is going to be paid for his work.

### **Circumstances in which the Combined Logo was Created.**

40. In 1988 Mr Evans was accustomed to do work for a small advertising agency in Kettering called Irwin Jordan Limited. The agency was run by two men, Mr Chris Ferne and Mr Charles Main. They had previously worked for another agency, KPA, also based in Kettering, which handled Griggs' work: when they left, Griggs followed them. Prior to this Mr Ross Evans had also been accustomed to work for KPA. Of course, Kettering is not far from Wollaston, where Griggs had their premises.
41. Irwin Jordan Limited ceased to trade some years ago, but not before they had assigned the copyright in the combined logo to Griggs, at Griggs' request. The Defendants say the document was not worth the paper it was written on, because it was not Irwin Jordan Limited who owned the copyright, but Mr Ross Evans.
42. According to Mr Ferne, Mr Ross Evans was referred to informally as the creative director of Irwin Jordan Limited, even though he did not have a contract of employment with them and worked from home. Mr Evans denied that he was referred to by that title. Although Irwin Jordan Limited were probably his main client, they were not the only one. Nor did they place all of their graphic design work with Mr Evans. It is common ground between the parties that Mr Evans was an independent contractor. I find as a fact that he had close and regular dealings with Irwin Jordan and did most of their graphic design work. When they needed to give him instructions they would do it by telephone or at a meeting. There was no document setting forth the copyright position as between Irwin Jordan Limited and Mr Evans. Indeed their relationship seems to have been conducted with little detailed paperwork and with some informality.
43. It follows that Mr Evans was, in 1988, the legal owner of the copyright in the combined logo. The real issue in this case is: who was the owner in equity?
44. I also find as a fact that the following letter accurately summarises the terms of payment upon which Mr Evans was accustomed to do work for Irwin Jordan Limited at the relevant time. It was written on 14 July 1987, which is around the time they started trading, and about a year before he drew the combined logo.

Dear Ross,

In response to our recent discussions, I am pleased to confirm that we would be happy to commission creative work from you. As agreed, this would be paid for at a standard rate of £15 per hour.

I am sure we both realise that some work may need to be charged at less than this rate, whilst other operations can equally be charged at somewhat more.

With thanks for your interest, we look forward to a long and mutually beneficial relationship.

45. The combined logo was drawn to Griggs' requirements by Mr Ross Evans in about August 1988. Griggs paid the advertising agency. The advertising agency paid Mr Evans at his standard rate of £15 per hour. But his case is that he was merely being required to create some point of sale material for use in the UK. Had he known that he was being asked to produce a logo for all kinds of use all over the world, he would have charged more than he did. However he did not know because he was not told. Accordingly, he says, while Griggs may well have a licence (even an exclusive licence) to reproduce the combined logo for point of sale material for use in the UK, they have no right to use his work for other purposes. In those respects the work was his copyright alone, to dispose of as he pleased. "Other purposes" include, of course, the use of the combined logo on all Dr Martens footwear for sale anywhere.
46. In support of Mr Evans' position, there survives an order from Irwin Jordan Limited to him dated 24 August 1988 and an invoice from Mr Evans to Irwin Jordan Limited in response thereto. The order, insofar as is material, refers to "Visuals for Griggs UK point of sale material". It is common ground that this order covered, not only the drawing of the combination logo itself, but several other drawings for what were point of sale material e.g. swing tickets. The invoice, insofar as is material, refers to: "Griggs. Updated UK point of sale material designs including: client briefing, headline writing, logo 'combination' designs, highly finished visuals for client presentation."
47. In my judgment, this was not regarded by the parties as a document about copyright, for to copyright neither Griggs nor Mr Evans gave any thought. It was just an identification of the work Mr Evans was being asked to do. As regards entitlement to copyright its value is evidentiary, not prescriptive.
48. Griggs intended the combined logo to be used, not only for point of sale material for the UK, but for the branding of their Dr Martens/AirWair footwear generally. The advertising agency knew it. The initial campaign was to be in the UK and was to use point of sale material. But what was important to the client was not just this or that campaign, but the strategic decision to



combine the two existing logos. Of course, if it had been found as a result of the initial campaign that the combined logo did not work, no doubt it would have been dropped; but, in fact, that did not happen. I am prepared to accept that Mr Evans was not told about the client's wider purpose and may have assumed he was being called on to design a logo for point of sale material for use in the UK. In my judgment, he did not reflect on the matter either way. It was of no moment to him at the time.

49. It may well be some design agencies do not charge on the basis of a standard hourly rate. The charge may be driven by the importance of the work to the client and the size of the client's budget for the project in question, and is a matter for special negotiation. For example, if a famous design agency is asked to design a new logo for a large bank – where, of course, corporate image is everything – one would expect it to charge a much higher price than if it were just a matter of designing a leaflet for a particular occasion. I can easily imagine such an agency charging £5 million for the corporate logo, the amount of time it actually took the artist to draw the logo not really entering into the question. In that sort of situation it is not the excellence or time-consuming nature of the draughtsmanship that is being paid for (no draughtsmanship of that sort could command such a huge fee): it is the creative concept as a whole, and the agency's skill and knowledge of how to create a modern and reassuring public image for a major corporation. In that sort of situation I would be somewhat surprised if the copyright position was not carefully provided for, and set down in black and white.
50. In much the same way, an advertising agency may expect to be remunerated, not on the basis of time expended, but on the value of the client's advertising campaign. For example, it used to be standard practice for agencies to charge the client nothing at all, but to get a commission of 15% from the newspaper media in which the advertising appeared.
51. In the present case, however, we are dealing with a small advertising agency whose accustomed free-lance designer would expect to be paid £15 per hour, some margin being allowed for the exigencies of a particular case, but not much. I do not find that Mr Evans was accustomed to bargain for a remuneration based on the value of the campaign to the client, along the lines of the alternative scenario I have envisaged above. Although it took some skill and labour to combine the Dr Martens and Airwair logos in a satisfactory manner, it was in my judgment a relatively mundane work. The concept – to combine two logos already in use – was not earth-shaking and was proposed by the client. In my judgment, there must have been thousands of competent graphic designers in this country who could have done a similar job to an acceptable standard. So, although Mr Evans clearly deployed enough skill and labour to give rise to a copyright, the commercial value of the combined logo, which must be large, essentially arises not from the excellence of Mr Evans' drawing, but from what has happened since: the fact that the logo has been used by Griggs on large numbers of Dr Martens boots and shoes, and is an important trade mark of its business.

52. In my judgment, it was not shown on the balance of probabilities that the amount Mr Ross Evans would expect to charge Irwin Jordan Limited would be materially affected by the use to which the combined logo was to be put. There was no expert evidence about it, just the rival views of Mr Evans and Mr Ferne. It was Mr Ferne's evidence that his agency had created corporate logos for clients on many occasions without materially deviating from its customary charges.
53. Therefore, insofar as it is Mr Evans' case that he was not paid the proper rate for the job in 1988, I do not find this to have been established.
54. In summary, then: Mr Evans was the legal owner of the copyright for the drawing of the combined logo; it has not been shown that he was underpaid; and I hold it to be obvious (so obvious that it went without saying) that the right to use the logo, and to exclude others from using the logo, was to belong to the client, and not to Mr Evans. It is true that the question of ownership of copyright as between Mr Evans and the client did not occur to them at the time. But, if some officious bystander had raised it, I would have expected the parties to brush aside any suggestion that the beneficial title might belong to Mr Evans.
55. I must therefore give judgment for the Claimants. I freely confess that I am glad to do so. The proposition that the copyright in this important logo belongs to Raben is one that I find astonishing.
56. Even had it been the case that, because Mr Evans mistook the true ambit of the project, he failed to impose a higher and commensurate fee, it does not follow that he would have been at liberty to assign the copyright to Raben. It seems at least possible that the right answer might be as follows. Mr Evans could have refused to assign the copyright to the client except on terms that the client would make up the shortfall. The shortfall would represent the difference between the fee that the designer could have charged and the fee he did charge. The right to demand an assignment of the copyright is equitable in its nature, and he who seeks the assistance of equity must himself fulfil his obligations. Then, as long as the client failed or refused to make up the shortfall, he would be bereft of the right to exclude *others* from reproducing the logo outside the scope of the project as contemplated by the designer. But it would not follow that the designer could validly have assigned that aspect of the copyright to the client's competitor; for that would have meant that the client himself could have been excluded.
57. For example, suppose the client comes to appreciate that the free-lance designer has been underpaid, and intends to make up the shortfall. While the proper amount is being ascertained, the designer nevertheless assigns the copyright to the client's competitor. The competitor has

notice of the circumstances. I would suppose that, because the competitor is not a purchaser for value without notice, the assignment would be ineffective. However, and in my judgment, it is not necessary to decide the point in the present case.

58. I have considered whether what should be implied is, not a right to the copyright, but only a right to an exclusive licence, in accordance with the minimalist approach called for by the authorities (see principle (5) in the judgment of Lightman J). I do not think so. It would have to be a perpetual exclusive licence, which anyway is almost the same as a straight copyright. One difference is that Mr Evans would probably have to be made a party whenever Griggs brought infringement proceedings against an usurper of the logo: this could hardly be to his satisfaction. Further, the owner of an exclusive licence cannot sue the copyright owner himself for infringing the copyright: this was scarcely to be implied in the circumstances of the 1988 contract. The concept of an exclusive licence may not be known to the laws of some foreign countries: it was not known in our country before the Copyright Act 1956. In general, the concept of an exclusive licence is more appropriate to the case where the author of the work is to be rewarded by the payment of royalties, and not a fixed fee.

#### **Was There an Accord and Satisfaction?**

59. The Claimants contend that, even if Mr Ross Evans was indeed the beneficial owner of the copyright in the logo, they had come to terms with him in early May 2002 – shortly before he purported to assign the copyright to Raben. They claim that Mr Evans had agreed to assign the copyright to them for the sum of £4,250 plus a contribution towards his legal costs of £2,075. On this aspect of the case I do not find in favour of the Claimants.
60. Put briefly, what happened was as follows. As a result of the Australian litigation against Raben, both Griggs and Mr Evans appreciated that at least the legal title to the copyright remained vested in Mr Evans. Griggs, although insisting they were the beneficial owners and hence in a position to demand that Mr Evans assign the legal title to them, sensibly took the line that it would be better to negotiate a settlement than to risk potentially expensive litigation. Following some correspondence, on 17 April 2002 Griggs' solicitors sent an e-mail to Mr Evans offering him £3,500 on condition that he execute an assignment of the copyright. On 18 April Mr Evans said he wanted £4,250, for which he was prepared to postpone his holiday for a week. He asked whether this was acceptable. On the same day Griggs' solicitors replied that £4,250 was acceptable to their clients and would have a draft assignment ready for Mr Evans to sign when he returned from holiday, asking whether this was acceptable to him. In my judgment there was no accord and satisfaction at this stage because, quite apart from the timing of the holiday, the terms of the assignment had yet to be viewed by him. As will be seen, when Mr Evans did view the draft assignment it emerged that the parties were not *ad idem* as to its terms (see below). On the next day the solicitors telephoned Mr Evans, who apparently raised the question of his legal costs.

61. On 2 May the solicitors again e-mailed Mr Evans offering him in full and final settlement £4,250 by way of compensation and £2,075 by way of legal costs “*provided* that you agree to the above by Tuesday 7 May and execute an assignment within 7 days of receiving a draft assignment from us.” There was some confusion over VAT, but on 3 May the solicitors made it clear that the contribution to his legal costs would include an additional element for VAT. They said: “Please confirm by return that this is acceptable”.
  
62. On 7 May Mr Evans e-mailed to complain that no draft deed of assignment had been received by him. The e-mail said: “*If* the Deed is acceptable *and* I then decide to proceed with the proposed assignment I must insist that upon execution and without delay that all consideration monies are paid to my solicitor’s client account” [my emphasis]. I detect the hand of a ghost author, presumably Mr Evan’s own solicitor; but, be that as it may, it is clear that the e-mail does not constitute an acceptance of Griggs’ offer.
  
63. When the draft assignment did arrive it proved to contain terms which Mr Evans found objectionable. For example, the document would have required Mr Evans to warrant his title and to indemnify Griggs accordingly. In addition, perusal by his solicitor of this document – which Mr Evans was quite entitled to reject – involved him in further legal expense. On 15 May Mr Evans’ solicitor wrote to say that the copyright had been assigned to Raben.
  
64. In my judgment, therefore, Griggs and Mr Evans never arrived at an accord and satisfaction. However, because I have held that Griggs were the beneficial owners of the copyright in any event, and because Raben were not purchasers for value without notice, the Claimants succeed.