

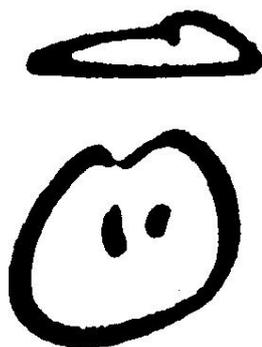


Ownership of copyright in the Innocent Smoothies logo resolved by the High Court

Failure to put in place a clear agreement about ownership of designs produced for Innocent Smoothies has resulted in multiple court proceedings. The case is a lesson for companies seeking a brand identity with design agencies to ensure the legal rights are crystallised fully at the beginning.

The High Court (Robert Englehart QC sitting as Deputy Judge) has resolved a dispute between Fresh Trading Limited, the ultimate owner of Innocent Smoothies and Deepend Fresh Recovery Limited, a company formed to pursue claims in intellectual property rights in work commissioned by Fresh, that was created by a design agency formerly called Deep End Design Limited.

The dispute, which was decided in Fresh's favour, concerned title to the copyright in the distinctive logo, called "the Dude" (shown below), which has been used by Fresh to promote its Innocent Smoothies ever since it started the business. The logo was originally designed by Deep End Design.



OHIM proceedings

The Dude logo has already been the subject of proceedings between Fresh and Deepend: in 2009, Deepend commenced invalidity proceedings before OHIM in respect of Fresh's Community Trade Mark for the logo. Deepend's basis of challenge was that copyright in the logo was owned by Deepend (by way of assignment from Deep End Design). In 2012, OHIM upheld Deepend's challenge and declared the mark invalid on the ground that use of the mark would infringe Deepend's copyright in the logo (*Deepend Fresh Recovery Ltd*

v Fresh Trading Limited, Decision No. 3555C). Fresh lodged an appeal and also commenced High Court proceedings for a declaration that it owned title to the copyright in the logo.

High Court proceedings

Fresh's claim in the High Court proceeded on the basis that either (i) it is the legal owner of the copyright in the Dude logo; or (ii) it is the owner in equity; or (iii) as a minimum, it has an implied exclusive licence under the copyright to use the logo. Fresh also said that if it failed on these arguments, Deepend was in any event prevented from obtaining relief due to either acquiescence, estoppel, laches, or a general bar to injunctive relief.

Relevant facts

In 1998, when the individual founders of Innocent Smoothies were just starting up their business, they entered into a business relationship with Deep End Design to provide design services to Fresh, which included developing the "visual identity for the product". The parties purportedly entered into a contract which provided at clause 5.1 that Fresh would "receive full intellectual copyright of any work, creative ideas or otherwise, presented by the agency and then subsequently approved by Fresh." The Dude logo was approved and used by Fresh and so would have been captured by this clause. The contract also provided that Deep End Design would receive equity in Fresh by way of the allotment of shares to be awarded in three stages. However in the event, the shares were never allotted.

The Deputy Judge's findings

Neither party could produce a signed copy of the contract at trial, nor any evidence that it had actually been signed. Given the absence of a signature, the Deputy Judge was unable to conclude that there had been a valid legal assignment. However, he did find that there had been an express equitable assignment to Fresh of copyright in the Dude logo. On the facts and evidence before him, the Deputy Judge said that he was in no doubt that there was an agreement between the parties on the terms set out in the unsigned draft contract; and that both parties had acted in accordance with the agreement and regarded it as contractually binding on them.

continued over

Deepend's position was that there could not be an equitable assignment of the copyright because Deep End Design had never been paid for the work, i.e. the shares in Fresh were never allotted. However, the Deputy Judge found that Fresh's consideration for clause 5.1 was the promise to allot shares in accordance with the agreed timetable rather than actual allotment; and further, the obligation to transfer copyright to Fresh arose on Fresh's approval of the work, whereas the obligation to allot shares arose in stages over the course of a year.

In the event, the Deputy Judge did not have to decide on the issue of the implication of an exclusive licence under the copyright, i.e. the third limb of Fresh's claim, but indicated that he would have found this on the facts if he had needed to - the Dude logo was created specifically for Fresh and approved by Fresh and was to be used specifically for the purposes of Fresh's business.

The Deputy Judge also indicated that even if he had found that Fresh had no legal or equitable interest, or even an implied licence to the copyright in the Dude logo, he would have found against Deepend being entitled to obtain injunctive relief against Fresh because the lapse of time since the creation of the work was considerable, during which time the Dude logo had become synonymous with Innocent Smoothies.

Conclusion

This case is a useful reminder that equitable remedies are available to a claimant in the right circumstances. Such a remedy is entirely discretionary, but it does allow the Court to make a finding that makes the most sense commercially, as was the case here. The parties had acted entirely in accordance with an unsigned contract and considered it to be binding on them, notwithstanding the lack of signature.

The case also highlights the difficulties that can arise when a corporate entity commissions a designer or design agency

to design its corporate branding, but no clear agreement is reached as to who will ultimately own title to copyright in the work. So as to avoid a potentially costly dispute further down the line, parties should ensure that they agree at the outset what will happen to title to copyright and to contractualise this in a signed agreement. For example, in most cases it will be intended that title to the work produced will transfer to the corporate entity at a specific point in time (e.g. on approval, or on payment). Most design agencies' standard terms and conditions will contain a clause dealing with title to copyright and so if the parties intend to engage on standard terms, the commissioning party should check this clause first to ensure that it is appropriate for their particular situation.

Fresh Trading Ltd v Deepend Fresh Recovery Ltd and another [2015] EWHC 52 (Ch), 26 January 2015

Contacts

The author Georgina Shaw is an associate in Burges Salmon's IP litigation team led by Jeremy Dickerson.



Jeremy Dickerson

Partner

+44 (0) 117 902 2728

jeremy.dickerson@burges-salmon.com



Georgina Shaw

Associate

+44 (0) 117 307 6871

georgina.shaw@burges-salmon.com

Burges Salmon LLP, One Glass Wharf, Bristol BS2 0ZX Tel: +44 (0) 117 939 2000 Fax: +44 (0) 117 902 4400
6 New Street Square, London EC4A 3BF Tel: +44 (0) 20 7685 1200 Fax: +44 (0) 20 7980 4966

www.burges-salmon.com

Burges Salmon LLP is a limited liability partnership registered in England and Wales (LLP number OC307212), and is authorised and regulated by the Solicitors Regulation Authority. It is also regulated by the Law Society of Scotland. Its registered office is at One Glass Wharf, Bristol BS2 0ZX. A list of the members may be inspected at its registered office. Further information about Burges Salmon entities, including details of their regulators, is set out in the 'Who we are' section of the Burges Salmon website at www.burges-salmon.com.

© Burges Salmon LLP 2015. All rights reserved. Extracts may be reproduced with our prior consent, provided that the source is acknowledged. Disclaimer: This briefing gives general information only and is not intended to be an exhaustive statement of the law. Although we have taken care over the information, you should not rely on it as legal advice. We do not accept any liability to anyone who does rely on its content.

Data Protection: Your details are processed and kept securely in accordance with the Data Protection Act 1998. We may use your personal information to send information to you about our products and services, newsletters and legal updates; to invite you to our training seminars and other events; and for analysis including generation of marketing reports. To help us keep our database up to date, please let us know if your contact details change or if you do not want to receive any further marketing material by contacting marketing@burges-salmon.com.