publishers of

european intellectual property review
entertainment and media law reports
fleet street reports
european trade mark reports
european copyright and design reports

667570

volume 27 • issue 8 • issn 0959-3799

entertainment law review

SWEET & MAXWELL

SWEET & MAXWELL

THOMSON REUTERS

The Editor and Editorial Board welcome contributions. The *Entertainment Law Review* is a refereed journal. Submissions should be submitted by email attachment in double-line spacing, and addressed to the freelance commissioning editor Paul Crick at paulcrick@mac.com.

Other correspondence to:
Kristiina Kojamo,
Publishing Editor,
The *Entertainment Law Review*,
Sweet & Maxwell,
Friars House, 160 Blackfriars Road, London,
SE1 8EZ.

Tel: 0207 542 6664.
(International) +44 207 542 6664.
Fax: 0203 285 7644.
(International) +44 203 285 7644.
Email: kristiina.kojamo@thomsonreuters.com.

This journal should be cited as (2016) Ent. L.R. xx.

Subscriptions and orders to:
Sweet & Maxwell,
PO Box 1000,
Andover, SP10 9AF.
Tel: 0345 600 9355.
Email: TRLUKI.orders@thomsonreuters.com.

Subscription Details
Annual subscription (United Kingdom) £1,263
Europe £1,295 or €1,891
Rest of the world £1,303 or $2,146
Subscriptions including bound volume (United Kingdom) £1,567
Europe £1,611 or €2,352
Rest of the world £1,624 or $2,674.

Publishing Editor
Kristiina Kojamo.

Freelance Commissioning Editor
Paul Crick
paulcrick@mac.com.

2016 Vol.27 Issue 8
ISSN: 0959-3799

Entertainment Law Review

Table of Contents

Book Reviews

The Entertainment Law Review is published by Thomson Reuters (Professional) UK Limited, trading as Sweet & Maxwell, Friars House, 160 Blackfriars Road, London, SE1 8EZ (Registered in England & Wales, Company No.1679046. Registered Office and address for service: 2nd floor, 1 Mark Square, Leonard Street, London, EC2A 4EG).

For further information on our products and services, visit http://www.sweetandmaxwell.co.uk

Computerset by Sweet & Maxwell. Printed and bound in Great Britain by Hobbs the Printers Ltd, Totton, Hampshire.

No natural forests were destroyed to make this product: only farmed timber was used and replanted.

Each article and comment in this issue has been allocated keywords from the Legal Taxonomy utilised by Sweet & Maxwell to provide a standardised way of describing legal concepts. These keywords are identical to those used in Westlaw UK and have been used for many years in other publications such as Legal Journals Index. The keywords provide a means of identifying similar concepts in other Sweet & Maxwell publications and online services to which keywords from the Legal Taxonomy have been applied. Keywords follow the Taxonomy logo at the beginning of each item. The index has also been prepared using Sweet & Maxwell's Legal Taxonomy. Main index entries conform to keywords provided by the Legal Taxonomy except where references to specific documents or non-standard terms (denoted by quotation marks) have been included. Readers may find some minor differences between terms used in the text and those which appear in the index. Please send any suggestions to sweetandmaxwell.taxonomy@thomson.com.

Copies of articles from the Entertainment Law Review, and other articles, cases and related materials, can be obtained from DocDel at Sweet & Maxwell's Yorkshire office.

Current rates are: £7.50 + copyright charge + VAT per item for orders by post, DX and email.

Fax delivery is guaranteed within 15 minutes of request and is charged at an additional £1.25 per page (£2.35 per page outside the UK).

For full details, and how to order, contact DocDel on:

• Tel: 01422 888 019.

• Fax: 01422 888 001.

• Email trluki.admincentral@thomsonreuters.com.

• Go to http://www.sweetandmaxwell.co.uk/our-businesses/docdel.aspx.

Please note that all other enquiries should be directed to Sweet & Maxwell, Friars House, 160 Blackfriars Road, London, SE1 8EZ; Tel 0207 542 6664; Fax 0203 285 7644.

evidence was that using MHV was "unwieldy", whereas BARB data are widely available.

Were BARB's figures wrong?

As a related point the Tribunal was asked to consider whether a large increase in ITV's viewing figures between 2009 and 2010 was a statistical aberration caused by a change in the BARB panel and so should be discounted. The Tribunal heard expert evidence from both parties on this, but ultimately concluded that if the increase was solely due to the panel change, the likely explanation was that the new panel captured TV viewing more effectively than the old panel, which had therefore been underestimating ITV's viewing. In other words, the new panel was more accurate and the BARB viewing figures did not need to be discounted.

Are other broadcasters relevant?

The Tribunal heard a significant amount of evidence on the terms of licences granted to other major broadcasters (OMBs), which the parties had described as a "sense check" against the royalties payable by ITV. The Tribunal made it clear, however, that it did not find that evidence helpful, even as a "sense check".

Outcome

The Tribunal adopted PRSfM's proposal that the base royalty of around £24 million should be adjusted by changes in audience and RPIJ to calculate the royalty for 2014, with similar adjustments to calculate the royalties for subsequent licence years. The application of this formula results in a licence fee for 2014 of £27.93 million. ITV was required to pay PRSfM over £10 million in royalty arrears and interest, as a result of retrospective adjustments to the interim licence fees that it had been paying under the statutory licence in operation by virtue of CDPA s.126(3) and arrangements in place between the parties.

At a subsequent hearing, the Tribunal had regard to a *Calderbank* settlement offer made by PRSfM in October 2014, in which PRSfM had indicated that it would agree to a licence fee of £26.5 million for 2014. In light of the outcome of the reference, PRSfM submitted that it had beaten such sum by a substantial margin. As a result, the Tribunal ordered ITV to pay 70% of PRSfM's costs up to 12 November 2014, the date on which ITV rejected that offer, and 90% of those costs thereafter. The Tribunal also ordered ITV to pay £900,000 on account of those costs.

Conclusions

It is clear that the Tribunal will seek to apply principles derived from previous decisions, particularly that in the *BSkyB* case, even when it is alleged that the broadcast market has changed in the interim, if those principles are sound, sensible and practical, on the basis that they can be adopted and applied by other parties in the industry.

The Tribunal referred to previous decisions in which it was found that that the royalties should not be based on a percentage of a broadcaster's revenue. But the Tribunal considered that this was not always the case in a hypothetical "willing licensor/willing licensee" scenario, and noted the fact that PRSfM had previously agreed to reduce ITV's royalties because of the broadcaster's financial difficulties following the global financial crash. Yet the Tribunal made it clear that ITV's healthy finances meant that the point did not arise in this case.

The ruling and decision are significant as this is the first major decision of the Tribunal on a broadcasting licence for almost 20 years. It is also significant for the Tribunal to make such a substantial award of costs in one party's favour, which reflects the advantageous effect of making an early Calderbank offer in proceedings of this sort, which might have disposed of the proceedings at an early stage if it had been accepted. ITV has applied to the High Court to appeal the Tribunal's decision.

High Court Decision in Campbell v Campbell Provides Food for Thought—Rights in the UB40 Name and Arguable Abandonment of Goodwill

Shannon Yavorsky
Kirkland & Ellis, LLP, San Francisco

Abandonment; Assignment; Domain names; Goodwill; Intellectual property; Liquidators' powers and duties; Music industry; Passing off

Campbell v Campbell.[1] Dismissing the defendants' application for summary judgment and strike out, the High Court has found that it was arguable that the purported assignment of the band's name by the liquidator of UB40's record label was ineffective because the company had already ceased to trade, had abandoned the goodwill in the band's activities and as such there were no longer any rights to transfer.

[1] *Campbell v Campbell* [2016] EWHC 765 (Ch).

Background

The claimants and the defendants were all members of UB40 and included singer Ali Campbell on one side of the dispute and his brothers Robin and Duncan on the other. In full, the claimants were Robin and Duncan Campbell, James Brown, Norman Hassan, Brian Travers and Earl Falconer. The defendants were Ali Campbell, co-frontman, Astro, and Mickey Virtue.

The original band was carried on as a business by a company called DEP International Ltd. Every band member had a contract of employment with the company. These provided that the band members had no rights in the name UB40 and would not use the name after leaving the band, and that the company owned the copyright in any material produced by the band.

In 2006, DEP went into administration allegedly on account of financial mismanagement. Each member of the band ceased to be employed by DEP shortly before it was placed in administration. A new company called Reflex Recordings Ltd was formed shortly thereafter. By an agreement dated 6 January 2009, the liquidators of DEP sold the rights to the catalogue of original UB40's repertoire to Reflex. Other than receiving royalties until that date, DEP did not carry on business.

The band with its original line-up continued to perform until November 2007 when Ali and Mickey left the band. The remaining members continued to perform and trade as UB40 (together with the sixth claimant). In 2013, Astro left the band and joined the other defendants who from then on promoted themselves as "UB40".

The claimants issued proceedings for passing off. The defendants applied to strike out the claim and/or for summary judgment on the basis that, by a written agreement dated 2 June 2015 (the "IPR Assignment") they had been assigned the rights in the name UB40 by the liquidators along with DEP's rights to the domain name ub40.co.uk. They also applied to set aside amendments to the particulars of claim that added a further claim of passing off in respect of the domain name.

The claimants argued that the purported assignment of DEP's goodwill, and thus the right to use the UB40 name under the IPR Assignment, was ineffective because DEP had abandoned all its rights and the UB40 goodwill years earlier and also because the IPR Assignment was invalid as a matter of law as an impermissible assignment of goodwill in gross. The claimants claimed rights in the domain on the basis of proprietary estoppel and that in any event its use by the defendants amounted to passing off.

Decision

Abandonment of goodwill

HH Judge Pelling QC, sitting as a High Court judge, acknowledged that while there is no property in a name as such, there is property in goodwill attached to a name.[2] However, a purported assignment of "goodwill" but not any part of the business is ineffective. The question was therefore whether, in fact, DEP had a business to which the goodwill related. In the judge's view, it was at least arguable that it did not in that the business formerly carried on by DEP had ceased to exist by 6 January 2009 when it sold the catalogue rights to Reflex. After it entered administration there were no live performances, new recordings, no compositions commissioned and no merchandising. While DEP continued to receive royalties even this came to end when it sold the catalogue. Thereafter DEP carried out no commercial activity of any sort. It allowed a French UB40 trade mark to be extinguished. It retained the domain name but was not using the website to which it related.

The judge recognised that not every cessation of business will result in the extinction or abandonment of goodwill:

> "but if the goodwill is to be preserved then there must be an intention to resume trading, and even then there will come a time when by reason of the passage of time the goodwill will be treated as extinct even if the intention to resume trading is maintained."[3]

The analysis of whether DEP's business had been abandoned or whether, as the defendants argued, all it had done was to suspend trading activity was a matter for trial not a summary judgment application.

The judge also rejected the defendants' argument that the liquidators could not have abandoned the goodwill of the company because to do so would have constituted a breach of duty on the part of the liquidators: "A liquidator is as able to abandon goodwill or it is at least realistically arguable that a liquidator is able to abandon goodwill as anyone else can".[4]

For these reasons, HH Judge Pelling concluded that the defendants had failed to show that there was no realistically available basis on which the claimants could defend the defendants' case based on the IPR Assignment. It was realistically arguable that the goodwill had been abandoned or extinguished prior to the purported assignment.

[2] See *IN Newman Ltd v Adlem* [2005] EWCA Civ 741.
[3] See *Star Industrial Co Ltd v Yap Kwee Kor* [1976] F.S.R. 256.
[4] See, e.g. *Pink v Sharwood (JA) & Co Ltd* [1913] 2 Ch. 286 and *Ultraframe (UK) Ltd v Fielding* [2005] EWHC 1638 (Ch); [2006] F.S.R. 17.

The domain name

The judge allowed the application to set aside permission to amend the particulars of claim insofar as they asserted proprietary estoppel. The claimants' position was that it was well-known that they had continued to use the domain name and the liquidators took no action to prevent such use. This, the claimants argued, amounted to an "implied representation" by the liquidators leading to the assumption, in which the liquidators acquiesced, that the liquidators had abandoned the domain name.

In the judge's view, "silently standing by is not realistically arguably a representation, even on the basis of that alleged knowledge". In any event, on the evidence, the liquidators had asserted DEP's rights, their solicitors having referred in correspondence to its use being "unauthorised". This position was also inconsistent with acquiescence or any assumption by the liquidators that the claimants were entitled to use the domain name.

Nonetheless, the judge held that it was arguable that by acquiring the domain name the defendants had committed a further act of passing off, and allowed the amendments to that effect. As established in *British Telecommunications Plc v One in a Million Ltd*,[5] acquiring a domain name incorporating a well-known name is capable of being a threatened passing off.

Food for thought

Goodwill cannot subsist by itself. As Lord Diplock said in *Star Industrial*, "it has no existence apart from the business to which it is attached …"; when the business is abandoned, "the goodwill … perishes with it". Cessation does not always mean abandonment, however, and it is:

> "a question of fact and degree at what point in time a trader who had either temporarily or permanently closed down his business should be treated as no longer having any goodwill in that business or in any name attributed to it …"[6]

That wasn't a question HH Judge Pelling was prepared to entertain on an application for summary judgment.

Disputes over who's entitled to use a band name are not uncommon—Wishbone Ash, Saxon, The Animals, Deep Purple, to name but a few. The typical scenario in such disputes is one involving no formal agreement and the band operating as a partnership at will. The current case is different. UB40 set up their own record label and the band members entered into agreements with the company which from then on owned the rights. That, however, couldn't prevent a feud, pitching brothers against brother, after the label folded amidst allegations of financial mismanagement, and leading to familiar arguments over ownership and abandonment goodwill—the irony is that the band continued to perform but then split with, on the face of it, no member more or less entitled than any other to use the band's name once DEP was wound up. With the parties facing a potential stalemate one can only hope that the brothers bury the hatchet.

[5] *British Telecommunications Plc v One in a Million Ltd* [1999] 1 W.L.R. 903.
[6] See *Ad-Lib Club Ltd v Granville* [1971] 2 All E.R. 300; [1971] F.S.R. 1; [1972] R.P.C. 673.