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Ray v. Classic FM Plc [1998] EWHC Patents 333 (18th March, 1998)

CH 1996 R 3699

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

BEFORE: **THE HON MR JUSTICE LIGHTMAN**

BETWEEN:

ROBIN RAY

Plaintiff

-and-

CLASSIC FM PLC

Defendant

JUDGMENT

Mr Martin Howe QC & Ms Lindsay Lane instructed by Schilling & Lom

for the Plaintiff

Mr Antony Watson QC & Miss Denise McFarland instructed by Denton Hall

for the Defendant

Hearing: 23rd February - 2nd March 1998

Judgment: 18th March 1998

1. Pursuant to Order 68 rule (1) of the Rules of the Supreme Court 1965 and all other powers hereunto enabling I certify that the attached text records my Judgment in this matter and direct that no further record or transcript of this Judgment need be made.

THE HON MR JUSTICE LIGHTMAN**INTRODUCTION**

1. I have before me an action by the writer and broadcaster on classical music Mr Robin Ray ("the Plaintiff") against the commercial radio station broadcasting popular classical music Classic FM Plc ("the Defendant"). At issue is the entitlement of the parties to the intellectual property rights in five documents containing proposals how the tracks on the Defendant's music recordings should be categorised ("the Five Documents"); in a catalogue of over 50,000 items of classical music (using the above categories) compiled by the Plaintiff over a five year period ("the Catalogue"); and in a database ("the Database") in which the contents of the Five Documents and of the Catalogue are substantially reproduced.

2. Whilst the Plaintiff was engaged to provide services to the Defendant under what was termed a Consultancy Agreement ("the Consultancy Agreement"), he prepared the Five Documents and the Catalogue as a preliminary step to the incorporation by the Defendant of the material contained in the Database. The Defendant compiled the Database using the proprietary software known as Selector for the purpose of providing an automated and programmed system for the selection of the music to be played on its radio station. Differences arose between the Plaintiff and the Defendant during the currency of the Consultancy Agreement as to the entitlement of the Defendant to exploit the Database by making copies and granting licences to foreign radio stations to use those copies, and these differences resulted in the commencement of these proceedings. It is common ground that the Defendant is entitled to use, and make copies of, the Database for the purpose of broadcasting from its radio station in the United Kingdom. The dispute is as to whether the Defendant has further and, if so, what rights. The Defendant claims that it is entitled to exploit the Database by making copies for use by foreign licencees and the Defendant has done so. The Plaintiff contends that he is sole owner of the copyright in the Five Documents and the Catalogue and that, as the Five Documents and the Catalogue are reproduced in the Database, as such owner he is entitled to prevent the Defendant doing so.

3. This litigation springs from the failure of the parties (and more particularly the advisers who were then acting for them) at the time that the parties entered into the Consultancy Agreement to consider, or provide for, the intellectual property rights that would arise in the course of the engagement of the Plaintiff. The expensive lesson of this litigation is the vital necessity for provision for these rights in such agreements.

FACTS

4. From October/November 1988 to early 1991 the Plaintiff was closely involved with a group of investors in bids for a franchise to provide classical music broadcasts and for this purpose provided assistance in preparing and providing programme material. His great asset was that he was nationally famous for his encyclopaedic knowledge of classical music. If the bids had been successful, he would have been appointed and employed by the successful bidder as Artistic Director. These bids however failed, and when another group of investors (through the Defendant) mounted a bid for a licence which on the 30th September 1991 proved successful, the Plaintiff sought from them the same post. Their management structure, however, had no place for the post of Artistic Director and they were unwilling to afford this role to the Plaintiff. The Plaintiff and his agent, Mr Wilkinson, pressed for the Plaintiff's employment as Artistic Director with a job description which included the assumption of "overall responsibility for the station's music policy, programming and schedules". But Mr Bernard, the chairman of the Defendant's interim management committee, made clear that no such responsibility and no such executive role could be considered before the appointment of the Defendant's Chief Executive (which took place in 1992) and that the only position that could then be offered was a short term position as freelance music adviser under a consultancy agreement, that this would only be a temporary measure for a few months, and that meanwhile his position and future could be reviewed. Under the Consultancy Agreement he would make his distinct contribution to the musical content of the Defendant's broadcasts.



5. These negotiations culminated in the execution on the 12th December 1991 of the Consultancy Agreement. The recitals and material provisions referred to by the parties read as follows:

"WHEREAS:-

A. The Consultant has expert knowledge in connection with the business of the Company being the broadcast of classical music on a radio station to be called Classic FM

B. The Company wishes to retain the Consultant to provide services to its business on the terms and subject to the conditions of this agreement

NOW IT IS HEREBY AGREED as follows:-

1. The Company retains the Consultant and the Consultant agreed to provide to the Company the services specified in clause 2 below ("Appointment")

2. The services to be provided by the Consultant are:-

2.1 to advise the Company on the composition of the musical repertoire of Classic FM; and

2.2 to assist the Company in selecting and purchasing or otherwise procuring access to compact discs or alternative suitable recordings for broadcast on Classic FM; and

2.3 to catalogue the Company's recorded music library (or proposed library) by composer; work (or extract); duration; and such copyright details as are available on the relevant disc or tape; and

2.4 to advise on programming longer works for off-peak broadcasts; and

2.5 to assist the Company in assessing the estimated popularity of specific works or performances and recommended maximum exposure to specific works; and

2.6 together with such other services as could reasonably be expected to be performed by the head of music of a radio station (all of which are together called "Services") as may from time to time after prior consultation with the Consultant be reasonably required by the board of directors of the Company ("Board") or programming committee of the Company ("Committee")

3.1 The Services shall be performed solely by the Consultant in the United Kingdom and the Consultant agrees to observe and perform the following obligations:-

3.1.1 the Consultant shall carry out his duties in an expert and diligent manner and shall promptly and faithfully comply with and observe all lawful and proper directions and orders which may from time to time be given to the Consultant by the Board or Committee within the ambit of this agreement

3.1.2 the Consultant shall on the date of this agreement provide the Company with a written list of his other commitments and throughout the Term keep the Company apprised thereof

3.1.3 the Consultant shall in respect of each week of the Term prepare a brief resume of the Services provided the previous week and his plans for the following week to include details of all his future commitments of which he is aware (subject to any confidentiality to which he is obliged to adhere) which will render him on any specific date unable to perform the Services which resume shall be submitted to Mr Ralph Bernard or such other director of the company as the Consultant is notified of from time to time

3.2 Nothing in this agreement shall be deemed to make the consultant an employee of the Company.

4. Subject to the provisions for termination contained in this agreement the Appointment shall be for a period of 11 months commencing on December 1st 1991 and shall come to an end automatically without notice on the earlier of the dates specified in clause 5 ("Term")

5. The Appointment shall end on the earlier of:-

5.1 the date on which the chief executive of the Company gives the consultant written notice that the Appointment is terminated provided that such date shall be no earlier than May 1st 1992 and no later than November 1st 1992; or

5.2 November 1st 1992; or

5.3 the date on which the consultant terminates the appointment by 1 months written notice or such shorter notice as the Board may agree to; or

5.4 the date on which the Consultant accepts employment by the Company

6.1 During the Term the Company shall pay to the consultant a fee at the rate of "200 plus VAT per day and the Consultant hereby authorises and requests the Company to pay such fee to the consultant's duly authorised agent David Wilkinson Associates of 115 Hazlebury Road London SW6 2LX whose receipt therefor shall afford the Company a good and valid discharge for the monies so paid

...

6.5 All fees payable to the consultant are payable only against valid VAT invoices to be submitted by the consultant monthly in arrears and are payable within 14 days of the invoice date

...

9.1 The consultant shall not either during the Term (other than to the extent necessary in the provision of the Service of the Consultant) or at any time thereafter without the previous written consent of the Board divulge to any person (including the media) and shall during the term of this agreement use his best endeavours to prevent the publication or disclosure of any information concerning the actual or proposed repertoire format business accounts or finances of the Company or any member customer or client of the company or any of the secret dealings transactions or affairs of the company or any such member customer or client which have or may have come to the knowledge of the Consultant during the Term or previously or otherwise ..."

6. It is to be noted that the Consultancy Agreement made no express provision in respect of the intellectual property rights in the work created by the Plaintiff as such consultant for the Defendant. It is common ground that neither party addressed their mind to this question, and neither did their advisers. That is the genesis of this dispute and litigation.

7. The initial period of the Consultancy Agreement was a maximum of some eleven months expiring on the 1st November 1991. The review resulted in an agreement to extend the period without any material alteration of its terms and it was in fact continued until the Defendant dispensed with the Plaintiff's services in April 1997. It is common ground that the rights of the parties, so far as they arise under the Consultancy Agreement during the initial 11 month period and during the subsequent years that it remained in force, turn on the true construction of the Consultancy Agreement construed in the light of the matrix of facts existing when it was executed.

8. As the Plaintiff knew before the date of the Consultancy Agreement, the Defendant at all times intended to use an automated music programming selection system, and the favourite for selection was a system developed by an American company RCS Inc ("RCS") known as Selector. Selector software was in wide use for programming popular music, but required substantial adaptation for use in respect of classical music. After careful examination of alternatives offered by competitors, the Defendant in fact in January 1992 chose Selector and it was adapted through the joint efforts of the Defendant and RCS. The choice of an automated selection system meant that the tracks to be played had to be categorised by way of certain pre-determined computer fields. A detailed categorisation of each track of music in the Defendant's library fed as a data base into Selector enabled Selector to select the individual track for any

hour of the day in accordance with any choice of programme made by reference to a combination of categories by a programme director. The particular advantage of the Selector system was that it enabled the Defendant to provide a balanced rotation of music, composers and performers and to reflect in the frequency of choice of track and in the choice of time when it was played its popularity and mood, and to avoid repetition or the personal preference of the presenter influencing the selection of the music played on the air.

9. The Consultancy Agreement spelt out the services which the Defendant had to provide (largely following the language of the Plaintiff's previously suggested job description). This included: (1) advising on the musical repertoire; (2) assisting in selecting appropriate recordings; (3) cataloguing the library by composer, work (or extract) duration and copyright details available on the disc or tape; and (4) assisting in assessing the estimated popularity of specific works or performances. These were the essential preliminary steps to the preparation of the Database. The Plaintiff was eminently suitable for these tasks because of his reputation and wide knowledge in the field of classical music.

10. On the 5th December 1991, in anticipation of execution of the Consultancy Agreement, the Plaintiff submitted to the Defendant for discussion at a meeting with the Defendant on the 6th December the first of the Five Documents, a document setting out his suggested categorisation of entries to be made in the Defendant's computer catalogue system ("the First Document"). The Plaintiff made clear to me in his oral evidence that this included nothing original: the only original category he then had in mind (and deliberately withheld until after execution of the Consultancy Agreement) was a star system for measuring a work's popularity. At a brain-storming meeting on the 6th December 1991, the suggested categorisation in the First Document was discussed, and in the light of these discussions on the 9th December the Plaintiff submitted the second of the Five Documents, a revised categorisation ("the Second Document"). On the 31st January 1992, the Plaintiff supplied the third of the Five Documents, the first instalment of the Catalogue ("the Third Document"). This instalment included a new category, namely one rating the popularity of the works catalogued introducing as the measure of the popularity of a work the number of stars attributed to it. In the fourth of the Five Documents, a memorandum submitted on the 21st April 1992 ("the Fourth Document"), the Plaintiff revised and refined this categorisation. On the 25th May 1992, the Plaintiff submitted the fifth of the Five Documents ("the Fifth Document"), a memorandum which updated, revised and summarised the categories in the Second, Third and Fourth Documents and was his final proposal for the categories for use on the "Selector" software. The Defendant decided that the Catalogue should be prepared adopting the categories in the Fifth Document and should provide the information required in respect of each of these categories. The original estimate of the number of tracks in the Defendant's library was 1,000, but after a trial run in Manchester in July 1992, the Defendant concluded that a substantially larger library of 5,000 tracks was required for the station to succeed then. The number has since been increased to 50,000. These increases required in their turn an ever larger Catalogue and Database.

11. During the period after the 31st January 1992 the Plaintiff applied himself in preparing and supplying to the Defendant the succeeding instalments of the Catalogue. The Consultancy Agreement contemplated him doing this work on his own. He selected the works to be included in the library, he assessed their popularity and included in the instalments at least the bulk of the information required under each of the categories. After the second of the instalments of the Catalogue (and accordingly from about March 1992 to June 1997), in order to have more time for the critical task of selecting the tracks for the library and assessing their popularity, the Plaintiff was enabled to omit from the instalments he prepared and supplied details in respect of a number of categories which could safely be delegated to others: the task of providing this information was assumed by staff employed by the Defendant for this purpose and most particularly Miss Anna Gregory. The importance of the contribution by the Defendant's staff is not to be compared with that of the Plaintiff. It is common ground that the research and labour of the staff was sufficient to entitle the Defendant to copyright in the documents or the Database where that contribution is to be found. The fact that the Defendant's representatives made this separate contribution to the project cannot however be relevant to the question whether the Plaintiff is sole author of the Five Documents and the Catalogue, the contents of which it supplemented.

12. The Defendant collaborated with RCS in adapting the Selector software for use for a classical music radio station and were responsible for entering the Plaintiff's selections and data and the data collected by

the Defendant's representatives onto the Selector software. It is common ground that the Defendant is entitled (jointly with RCS) to copyright in the Database.

13. The Defendant went on the air in September 1992. The Selector system and ever larger Database proved their worth. This was so much the case that the Defendant gave thought to expanding the Defendant's business activities abroad and granting licences to foreign radio stations to use the Database. No thought had been given to this possibility by either the Plaintiff or the Defendant when the Consultancy Agreement was signed. The Plaintiff first learnt of this proposed use in or about December 1993 when the Defendant mentioned this to him. After a visit in February 1994 to the USA, which brought to his mind and to the mind of Mr Wilkinson a potential for exploitation of a similar (but separately compiled) database there, the Plaintiff decided to make the present claim to copyright and objected to the Defendant's proposed use of the Database as reproducing his copyright material without his consent. The Defendant rejected this claim and proceeded with its plans to exploit the Database abroad. In particular copies of the Database were made within the jurisdiction for the purpose of being sent, and were sent, to overseas radio stations. Copies were sent in April 1994 to Holland, in May 1994 to Finland, in June 1994 to Sweden, and in October 1994 to the USA. And with the dispute unresolved, on the 7th June 1996 the Plaintiff issued the Writ in this action. The Defendant determined the Consultancy Agreement in April 1997.

THE ISSUES

14. There can be no doubt that copyright subsists in the Five Documents, the Catalogue and the Database. It is likewise clear that the Plaintiff was either author or joint author of the Five Documents and the Catalogue and that the Defendant and RCS are joint authors of the Database. The Defendant conceded in the course of the trial that the Five Documents and the Catalogue are reproduced in the Database. (There are a number of versions of the Database, but the Defendant had earlier agreed that, if any version of the Database substantially reproduced the Five Documents or the Catalogue, no point is to be taken that there is only insubstantial reproduction in any other version of the Database in existence now or at any earlier stage). Since the Database reproduces the Five Documents and Catalogue, if the copyright in those documents is vested in the Plaintiff and if the Defendant made the copies of the Database for purposes of exploitation abroad without the consent of the Plaintiff, this conduct constituted an infringement of that copyright.

15. The Plaintiff contends that the copyright in the Five Documents and the Catalogue is vested in him alone as sole author, and that the consent that he implicitly gave under the Consultancy Agreement was limited to use of the Database for the purposes of the Defendant's radio station in the United Kingdom and therefore did not extend to this use. The Plaintiff further contends that, even if the Defendant was a joint author of the Five Documents and the Catalogue, the making of copies of the Database for the purpose of exploitation abroad required his consent as joint author.

16. The Defendant by way of answer contends that: (1) on any basis the Defendant was joint author of the Five Documents and the Catalogue, and that as joint owner of the copyright therein the Defendant was entitled to do what it did without the consent of the Plaintiff; (2) in any event the Plaintiff and the Defendant were joint authors of the Database, and any copyright in the Five Documents and the Catalogue vested in the Plaintiff was subsumed or merged in their joint copyright in the Database, and the Defendant as joint owner of the copyright in the Database was entitled to make copies for purposes of exploitation abroad as it did; (3) under the provisions of the Consultancy Agreement any copyright vested in the Plaintiff as author passed to the Defendant at law or in equity or alternatively the Defendant was granted a licence which was extensive enough to permit the user complained of; and (4) that the Plaintiff is estopped from maintaining the claim made in this action.

17. The issues accordingly are: (1) whether the Defendant was a joint author with the Plaintiff of the Five Documents and Catalogue and whether the Plaintiff was a joint author of the Database. This involves the determination of what is required as a matter of law to constitute a person a joint author and whether these conditions are satisfied; (2) (if the answer to (1) in respect of the Five Documents and the Catalogue is in the affirmative) whether the Defendant as joint owner of the copyright was entitled to make the copies for the purpose for which it did without the consent of the Plaintiff; (3) (if the answer to (1) in respect of the Database is in the affirmative), whether any copyright of the Plaintiff in the Five

Documents and Catalogue was subsumed or merged in the copyright in the Database; (4) whether the Consultancy Agreement constituted a contract of employment which vested legal ownership of the copyright in the Five Documents and Catalogue in the Defendant as documents created by the Plaintiff in the course of his employment by the Defendant; (5) (if the Consultancy Agreement did not constitute a contract of employment), whether the Defendant is nonetheless the owner in equity as a result of an implied term of the Consultancy Agreement; and (6) whether the Plaintiff is estopped from maintaining its claim in this action. For the purposes of (4) and (5) above, it is common ground that the First Document, though it ante-dated the Consultancy Agreement, should be treated in the same way as the rest of the Five Documents, i.e. as though it came into existence after the Consultancy Agreement had been executed.

FINDINGS OF FACT

(a) Witnesses

18. The Plaintiff was the primary witness in support of his case. His only other witness was his agent Mr Wilkinson

19. The Defendant called Mr Ralph Bernard, Chairman of the interim management committee of the Defendant until the appointment of the First Chief Executive in May 1992 and currently the Chief Executive of the Defendant; Mr Michael Bukht, Programme Controller of the Defendant between May 1992 and July 1997; Miss Anna Gregory, who joined the Defendant in February 1992 as music organiser responsible in particular for its library and the Database and currently Head of Music at the Defendant; Mr Quentin Howard, who in 1991 and 1992 acted as a consultant in technical matters, in particular choosing the Selector system and assisting in the use and adaptation of the Selector software; and Mr Nicholas Tresilian, who had in 1991 and 1992 a central co-ordinating role.

20. Save for an inexplicable aberration in the witness statements of the Plaintiff and Mr Wilkinson as to the presence in their minds of the Plaintiff's ownership of copyright in the Five Documents and the Catalogue prior to 1994, an aberration quickly corrected in their oral evidence, I think that all the witnesses on both sides gave their best (albeit on occasion clouded) recollections in their evidence. The only real and relevant area of dispute was the respective contributions of the Plaintiff and the Defendant's representatives to the contents of the Five Documents and the Catalogue. This was not a matter to which any witness attached, or had any reason to attach, any importance at the time the contributions were made, and it is not surprising that their recollection of events was on many occasions general rather than specific and acknowledged to be somewhat hazy.

(b) Five Documents

21. The Plaintiff's case is that he wrote all the Five Documents and that in them he suggested the adoption of the major categories by reference to which the Defendant's library should be catalogued.

22. The Defendant contends that there was little originality in the categories as they appear in the Five Documents and that they represented to a large part the Defendant's ideas and generally speaking they were the product of a team effort and collaboration.

23. There are 26 categories set out in the Fifth Document. I shall not identify them more than absolutely necessary in this judgment as I understand that they are in the nature of a business secret and public disclosure would occasion damage to the parties. I shall merely identify the categories by reference to the letter of the alphabet under which they are listed.



24. I find (so far as this is necessary or relevant) that: (1) a number of these categories were perfectly standard for any catalogue i.e. (a) to (e); (2) a number were listed in the Consultancy Agreement, i.e. (a), (e), (j) (o) and those specified under (4) below; (3) a number were needed for inclusion on any Database to be used by Selector, i.e. (f), (j), (l) and (in respect of rotation) (y); (4) a number were required for copyright purposes i.e. (p), (r) and (s); and (5) the Defendant devised (k), (t), (u), (v) and (z). As regards (o), popularity assessment, this was an essential category for Selector and was (as the Plaintiff conceded)

a category put forward to him by the Defendant for him to develop. Mr Ray thought of measuring the popularity by attributing to each track a star rating, but the currency in which popularity is measured is not a matter of any substantial moment. The number of star levels was changed as the result of discussions between Mr Ray and the Defendant. I also find that the Plaintiff, though he incorporated suggestions of the Defendant, alone composed and wrote the Five Documents: in so doing he did not act as scribe for the Defendant.

(c) Catalogue

25. The Catalogue contains in respect of each selected work or extract under the heading of each of the agreed categories space for the insertion of the relevant information. In the instalments which he supplied to the Defendant, the Plaintiff provided at least some (though not all) of the information required, but what he supplied was, and was appreciated by the Defendant to be, the most important input, namely his selection of track and his estimate of the popularity of the tracks. (His judgment in this regard was substantially confirmed by a later research study conducted by the Defendant). The Defendant's representatives at brain-storming sessions with the Plaintiff made proposals, some which the Plaintiff adopted. The sum total of the Defendant's input into the Catalogue supplied by the Plaintiff was ideas, thoughts and material communicated to the Plaintiff to assist him in his work. The instalments of the Catalogue were all composed and written by the Plaintiff. The Plaintiff alone composed and wrote the instalments of the Catalogue which he supplied to the Defendant and, again, in so doing he was not acting as the Defendant's scribe.

JOINT AUTHORSHIP

(a) Law

26. Sections 9(1) and 10(1) of the Copyrights Designs and Patents Act 1988 ("the Act") provides as follows:

9(1) *"In this Part, 'author' in relation to a work, means the person who creates it"*

10(1) *"In this Part a work of joint authorship means a work produced by the collaboration of two or more authors in which the contribution of each author is not distinct from that of the other author or authors."*

27. A joint author is accordingly a person (1) who collaborates with another author in the production of a work; (2) who (as an author) provides a significant creative input; and (3) whose contribution is not distinct from that of the other author. He must contribute to the "production" of the work and create something protected by copyright which finds its way into the finished work: see *Cala Homes (South) Limited v. Alfred McAlpine* [1995] FSR 818 ("*Cala*"). Copyright exists, not in ideas, but the written expression of ideas. A joint author must participate in the writing and share responsibility for the form of expression in the literary work. He must accordingly do more than contribute ideas to an author: he must be an author (or creator) of the work in question. It is not enough that he thought up the plot of a play or made suggestions for a comic routine to be included (see *Tate v. Thomas* [1921] 1 Ch 503); or indeed that he passed on his reminiscences to a ghost writer (see *Evans v. E Hulton & Co Ltd* [1923-8] MCC 51). It is not sufficient that there is established to have been a division of labour between two parties in the project of writing a book if one alone is entirely responsible for the skill and labour of authorship of the book: see *Fylde Microsystems Ltd v. Key Radio Systems Ltd* unreported, Laddie J. 11th February 1998.

28. In *Cala* Laddie J. held that there is no restriction on the way in which a joint author's contribution may be funnelled into the finished work, and in particular that there is no requirement that each of the authors must have exercised penmanship. There is no reason why penmanship should be insisted on any more in case of joint authors than in the case of a sole author, who may dictate his work to a scribe. But in my judgment what is required is something which approximates to penmanship. What is essential is a direct responsibility for what actually appears on the paper. Accordingly in *Cala*, where a director of *Cala* provided a very detailed input (including much of the design features) in plans which architects were instructed to prepare and through regular briefing and vetting sessions with the architects ensured that the plans accorded with *Cala*'s "image", he was held to be a joint author with the architects of the plans they

prepared. As it appears to me, the architects in that case were in large part acting as "scribes" for the director. In practice such a situation is likely to be exceptional.

(b) Fact

29. The evidence in this case establishes to my full satisfaction that the Defendant was not (as claimed by the Defendant) a joint author of the Five Documents and the Catalogue and that the Plaintiff was not (again as claimed by the Defendant) a joint author of the Database.

30. As regards the Five Documents and the Catalogue, there is no doubt that on the 6th December 1991 and on later occasions there were meetings between the Plaintiff and representatives of the Defendant when discussions took place as to the categories to be adopted and as to the contents of the Catalogue, and that the Defendant's representatives initiated and developed a number of ideas which the Plaintiff incorporated in the Five Documents and the Catalogue. But the Plaintiff was solely responsible as author for the writing of the Five Documents and the Catalogue and the way the ideas were expressed in them. He was not, as submitted by the Defendant, "the team scribe". The fact that the documents in part (and in fact only in a relatively small, though significant, part) reflect the Defendant's representatives' input is totally insufficient to make the Defendant joint author.

31. By parity of reason, the Plaintiff, who had no part on the preparation of the Database beyond the contribution of material which was included, was in no wise a collaborator in its production. He was right in disclaiming any joint authorship.

CONSEQUENCES OF JOINT AUTHORSHIP

32. Since I have held that there was no joint authorship either of the Five Documents and the Catalogue or the Database, the questions raised as to the consequences of joint authorship can be answered quite briefly.

(a) Joint Authorship of Copyright in the Five Documents and the Catalogue

33. It is common ground that joint authors hold copyright in the subject of the joint authorship as tenants in common entitled in equal shares. The Defendant contends that, if it was a joint author of the copyright in the above Five Documents and the Catalogue, as tenant in common it was entitled to exploit the copyright in the way it has because: (i) such exploitation did no damage to the copyright; and, (ii) the only right of the Plaintiff as co-owner is to an account of the profits earned.

34. It is unnecessary to consider whether the use made of the copyright material did any damage, for it is quite clear that, even if the Defendant was joint author of the Five Documents and Catalogue, joint ownership could not without the consent of the Plaintiff justify the making of copies for the purpose of exploitation of the copyright abroad. The 1988 Act itself provides in Section 16(2) that it is an infringement of copyright to do any of the restricted acts (which include making copies) without the consent of the "copyright owner", and Section 173(2) expressly provides that in case of joint owners this means the consent of all the owners. This result is in accord with the decision in *Cescinsky v. George Routledge* [1916] 2 KB 325 and the view expressed by Laddie J. in *Cala* (at p.836). I reject the Defendant's submission that the Defendant as a joint owner is free to do a restricted act so long as he accounts to the Plaintiff as its joint owner for a share of the profits, or that the right of the Plaintiff is limited to claiming an account: the Plaintiff is entitled to sue for infringement, claiming damages and an injunction.

(b) Joint Authorship of the Database

35. Mr Watson proffered the novel suggestion that, because the Five Documents and the Catalogue were prepared as preliminary stages to the creation of the Database, the copyright of the Plaintiff in the Five Documents and Catalogue was subsumed in and merged in the copyright jointly owned by the Plaintiff with the Defendant in the Database. This suggestion finds no support in any authority or textbook; this is perhaps not surprising since it is wholly repugnant to the basic principles of the law of copyright. Where a work goes through successive stages in writing in the course of its creation or development, the copyright in the earlier of the writing subsists whatever the use later made of the material contained in it

(see e.g. *Cala* at p.827). It is, I think, a kindness to Mr Watson to say no more on this (no doubt his solitary) lapse into heresy.

CONTRACT OF EMPLOYMENT OR FOR SERVICES

36. It is of importance in this case whether the Consultancy Agreement constitutes a contract of employment or for services because, if the contract was of employment, under Section 11(2) of the 1988 Act copyright in works created in the course of employment (subject to any agreement to the contrary) vest in the employer. There are accordingly raised in this case two questions. The first is whether the Consultancy Agreement was a contract of employment. The second is whether, if the Consultancy Agreement was a contract of employment, there was an agreement excluding the operation of Section 11(2).

(a) Nature of Contract

37. It is explicitly stated in the Consultancy Agreement (as in the correspondence between the parties immediately preceding it) that the parties intended the relationship between the parties to be that of the Plaintiff as an independent contractor providing services to the Defendant and not that of employee and employer. That is a relevant, but not decisive, consideration. It is necessary to look at the terms of the contract as a whole concentrating on the substantive rights and obligations of the parties and decide whether they are more or less strongly indicative of one form of relationship than the other: see *Barnett v. Brabyn* [1996] STC 716.

38. Far from the terms being incompatible with a contract for services rather than service or indeed indicative of a contract for service, they are, as it seems to me both compatible with and indicative of a contract for services. A positive indication that this is a contract for services is to be found in Clauses 3.1.2, 3.1.3 and 6.2 which expressly contemplate and make provision for the Plaintiff to have other business commitments imposing on him obligations of confidentiality and indeed commitments which may reasonably be expected to have precedence over the affairs of the Defendant. It is perhaps significant that the contract, when made, was intended to be short term, providing a temporary role to be reviewed on appointment of the chief executive. I find no contra-indication in the obligations assumed to furnish services. The Plaintiff has agreed to make his expert services and advice in the field of classical music available to the Defendant at the fee of £200 plus VAT per day. There is no contra-indication in the substantial commitment as to the hours to be worked. Save when he is required to attend meetings, he is free to provide them where (e.g. at home) and at times of his own choosing. (It may be noted that Clause 8 requires him to work from home during the first 5 months). He is subject to no supervision or control by the Defendant. The Defendant has placed reliance on Clause 2.6 which requires him to provide such other services "as could reasonably be expected to be performed by the head of music of a radio station as may from time to time be required of him." This clause confers on the Defendant an option to require extensive services, but they are to be provided as a freelance consultant and not as employee.

39. The obligation to provide the specified advice and services is in my view entirely apposite to a contract for services and there is no reason why effect should not be given to the parties expressed intention that their relationship should not be that of employer and employee.

(b) Agreement to the Contrary

40. The Plaintiff has submitted that, even if the Consultancy Agreement constitutes a contract of employment, copyright does not vest in the Defendant as employer because there is an agreement to the contrary. The agreement is said to be constituted by the express provision of the Consultancy Agreement that the contract shall be a contract for services, and not of employment, i.e. a contract to which Section 11(2) has no application.

41. This is a subtle and beguilingly attractive argument, but I cannot accept it. The agreement contemplated by Section 11(2), if it is to obviate the application of the section, must satisfy two requirements: (1) it must be an agreement that, notwithstanding the existence of a contract of employment, the title to copyright in works created during the course of the contract shall not vest in the employer; and (2) the agreement must be a legally effective one. Neither of those conditions are satisfied in this case. First the express term of the Consultancy Agreement purports to provide, not that the title to



the copyrights shall vest in the Plaintiff notwithstanding the fact that a contract of employment is thereby created between the Plaintiff and the Defendant, but that a contract of employment shall not be created. Secondly the express term that a contract of employment shall not be created is legally ineffective if the substantive provisions of the Consultancy Agreement in law do give rise to the existence of a contract of employment: the reason is that the parties, by agreeing such substantive provisions, have in law impliedly agreed that there shall be a contract of employment, and the implied agreement to this effect is inconsistent with and overrides the express agreement to the contrary. In short there is a conflict between the expressions of what the parties have agreed, and the expression of agreement that there be a contract of employment constituted by the choice of the substantive provisions of the agreement prevails over the express of agreement as to the legal effect of those substantive provisions: the latter agreement is legally without effect and for all practical purposes is to be treated as deleted.

IMPLIED GRANT BY COMMISSION

(a) Law

42. As an alternative to the claim based on Section 11(2) of the 1988 Act, the Defendant claims that by commissioning the Plaintiff to provide the Five Documents and the Catalogue under the terms of the Consultancy Agreement the Defendant has become in equity entitled to require the Plaintiff to assign to the Defendant the copyright in the works created in the course of the consultancy.

43. 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 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.

44. 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.

45. 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 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."

2. 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.

...

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. 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 draftsman 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 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).

46. These statements of principle accord with a number of cases where the Client has been refused an assignment of copyright and granted only a licence (see e.g. *Cooper v. Stephens* [1895] 1 Ch 567); and a number of other cases where the licence granted to the Client has been limited to use the copyright work for the purposes for which it was commissioned (see e.g. *Stovin-Bradford v. Volpoint Properties Ltd* [1971] 1 Ch 1007). These statements may appear difficult to reconcile with the actual decisions in a number of the cases where a term has been implied into a contract for services for the assignment of copyright by the Contractor to the client. Some of the cases cited as instances where an obligation to assign has been implied may in fact have only decided that a licence should be implied: see e.g. *Harold Drabble v. Hycolite Mfg. Co* [1923-8] MCC 322; and in others the exact relationship of the Contractor and Client is not clear: see *Merchant Adventurers Ltd v. Grew* [1973] RPC 1, (a case where the Contractor supported the Client's claim against the infringer). It is however to be noted that: (1) in most, if not all, of those where a term has been implied for assignment, assumed that, if a term was to be implied conferring rights on the Client, that term should be that there should be an assignment. The alternative implication of a licence was not considered (see e.g. *Ironside v. AG* [1988] RPC 197); and (2) it was not until the Copyright Act 1956 that an exclusive licence could be granted conferring rights of action against third party infringers: before that date in order to confer a right of action against infringers it was necessary to assign the copyright. These authorities accordingly afford limited guidance today where the issue raised is whether the necessary implication is of an assignment or some form of licence. Indeed today it may be rare that necessity requires an assignment and the grant of an exclusive licence will not suffice.

(b) Facts

47. It is common ground that upon the true construction of the Consultancy Agreement some form of right in respect of the intellectual property rights in the Five Documents and the Catalogues must have been intended in favour of the Defendant, for without it the contract for the provision of his services by the Plaintiff would be without purpose or value: the Defendant could make no use and obtain no benefit from their product. The question raised is the content of the implication. The Plaintiff says that the implication should be of a licence limited to use of the Database and the making of copies for the purpose of the Defendant's existing business. The Defendant says that the implication should be of a grant of the copyright in the Five Documents and the Catalogue or at the least of a licence broad enough to permit the making of copies for the purposes of exploitation of the copyright abroad.

48. It seems quite clear to me upon the true construction of the Consultancy Agreement in its matrix of facts that the limits of what was contemplated at the date of the Consultancy Agreement were that the Plaintiff's work would be used for the purpose of enabling the Defendant to carry on its business as set out in Recital A, namely to broadcast in the United Kingdom. The only necessary implication to give purpose and effect to the Consultancy Agreement is accordingly the grant of a licence to the Defendant to use the copyright material for the indefinite future for this purpose and for this purpose only. No limitation should be implied, as none can reasonably have been contemplated, as to the countries in which the broadcast could be received or as to the manner of transmission (i.e. terrestrial or satellite). As Mr Howe put it, what the Defendant was "buying" under the Consultancy Agreement was the Plaintiff's distinctive help and expertise in getting the Defendant's United Kingdom national station's play-list "up and running". The "purchase price" for this purpose was the daily rate of "200 agreed to be paid for each day that he provided his services, and not the sum of "250,000 in fact later earned and paid reflecting the days that he worked. Such a figure and such a lengthy and extensive use of his services were not in the contemplation of the parties when the Consultancy Agreement was signed. It is necessarily to be implied from the intended distinctiveness of the Plaintiff's contribution that the Plaintiff is to grant no licence to any competitor of the Defendant intending to be broadcast in the United Kingdom. This implication is perhaps reinforced by the confidentiality obligation assumed by the Plaintiff under Clause 9.1 of the Consultancy Agreement, which affords protection to the Defendant against public disclosure of the contents of the Five Documents and the Catalogue, save and insofar as they may have fallen into the public domain.

49. The Defendant can accordingly make copies of the Database if this was reasonably required for carrying on the business of a broadcaster in the United Kingdom, but cannot do so for the purpose of exploiting the Database abroad. The making of the copies in question in this case accordingly constituted an infringement of the Plaintiff's copyright.

50. Mr Watson has invited my sympathy for the Defendant saying that the parties cannot have intended so limited a licence as the return for some "250,000 in fees paid to the Plaintiff for his services and tempted me (with the benefit of hindsight) to fashion an implied term which might reflect the merits of this dispute as they may now appear to the Court. I cannot deny the existence of a temptation to do so, but (as Lord Bingham has pointed out in *Philips*) I must not accede.

ESTOPPEL

51. The final throw of the Defendant is to invoke the doctrine of estoppel. I can find no basis for this contention. The Plaintiff has in no respect misled the Defendant. The Defendant has misled itself as to its rights. The Defendant went ahead with making and sending copies abroad with full knowledge of the Plaintiff's claim. There is nothing against conscience in the Plaintiff making this claim or seeking relief.

CONCLUSION

52. I accordingly uphold the Plaintiff's claim that the Defendant has infringed his copyright in the Five Documents and the Catalogue by making the copies for purposes of exploitation of the copyright abroad.

53. As agreed with Counsel, the question of the relief to be granted is a matter to be debated at a hearing after this judgment has been fully considered.

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