ESTTA Tracking number: **ESTTA166221**

Filing date: **10/02/2007**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91179064
Party	Defendant Disney Enterprises, Inc.
Correspondence Address	JEREMY KAUFMAN THE WALT DISNEY COMPANY 500 S BUENA VISTA ST BURBANK, CA 91521-0006 trademarks@disney.com
Submission	Motion to Suspend for Civil Action
Filer's Name	Melanie Bradley - Attorney for Disney
Filer's e-mail	mbradley@omm.com
Signature	/mbradley/
Date	10/02/2007
Attachments	Disney-Motion to suspend.PDF (5 pages)(140389 bytes) Disney-Exhibit A.PDF (5 pages)(180993 bytes) Disney-Exhibit B.PDF (4 pages)(145554 bytes) Disney-Exhibit C.PDF (2 pages)(68581 bytes) Disney-Exhibit D.PDF (157 pages)(13689798 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

STEPHEN SLESINGER, INC.		
Opposer,	Opposition No.	91179064
	Application Nos.:	78/807,797
v.		78/807,737
		78/807,736
DISNEY ENTERPRISES, INC.,		
Applicant.		

MOTION TO SUSPEND PROCEEDINGS PURSUANT TO 37 C.F.R. §2.117

Applicant, Disney Enterprises, Inc., by and through its attorneys, O'Melveny & Myers LLP, respectfully submits this motion for suspension of proceedings, pursuant to 37 C.F.R. §2.117 (a), pending the completion of the civil action between Disney and Stephen Slesinger, Inc. ("SSI") before the Honorable Florence-Marie Cooper, in the United States District Court for the Central District of California (Case no. CV-02-08508 FMC), commenced on November 5, 2002. Pursuant to 37 C.F.R. §2.117 (a), "proceedings before the Board may be suspended until termination of the civil action" whenever "it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action…which may have a bearing on the case." *See* TMBP §510.02(a); *General Motors Corp. v. Cadillac Club Fashions Inc.*, 22 U.S.P.Q.2d 1933 (TTAB 1992); *Other Telephone Co. v. Connecticut National Telephone Co.*, 181 U.S.P.Q. 125 (TTAB 1974); *Tokaido v. Honda Associates Inc.*, 179 U.S.P.Q. 861 (TTAB1973); *Whopper-Burger, Inc. v. Burger King Corp.*, 171 U.S.P.Q. 805 (TTAB 1971).

SSI, once again is attempting to litigate issues before the Board which already are the subject of pending litigation in the Central District of California. Just last year, SSI filed

cancellation proceeding No. 92046853 against 25 of Disney's trademark registrations which consisted of or contained names or characters associated with Winnie the Pooh (hereinafter the "Pooh Marks"), citing the same grounds as SSI alleges in the instant Opposition. (Exhibit A). In response to SSI's petition for cancellation, Disney filed a motion to suspend, explaining that the parties were engaged in civil litigation that had a bearing on the cancellation proceeding. (Exhibit B - Motion to Suspend without accompanying exhibits). After reviewing Disney's submissions, the Board granted Disney's motion and suspended the cancellation proceeding. (Exhibit C). Undeterred, SSI now seeks to oppose three pending trademark applications for the mark "MY FRIENDS TIGGER & POOH." For the very same reasons that the Board suspended SSI's cancellation proceeding, it should also suspend the instant opposition.

SSI's Opposition raises the same issues as the pending district court action. SSI alleged in its Fourth Amended Answer and Counterclaims ("FAAC") filed on October 6, 2006 in the Central District of California, that it is the "owner of rights in and to the Pooh trademarks" (Exhibit D ¶ 126), that any use of the Pooh Marks by Disney "has been pursuant to a license." (*id.* ¶ 130) and that Pooh Marks previously registered by Disney rightfully belong to SSI and should be ordered corrected to reflect SSI's ownership (id. ¶137). Similarly, in its opposition papers, SSI alleges that it "secured rights in the Winnie the Pooh characters," including trademark rights (Opposition ¶ 2), that Disney is only a licensee of SSI's (*id.*), and that Disney has not received SSI's authorization to register any the Pooh Marks nor is Disney entitled to do so (*id.* ¶¶ 4, 14). As the district court already has been asked to determine the respective rights of SSI and Disney to own, use and register the Pooh Marks, these claims clearly "have a bearing" on the instant opposition proceeding, 37 C.F.R. § 2.117(a).

When there is such an overlap, as there is here, "it is deemed to be the better policy to

suspend proceedings herein until the civil suit has been finally concluded." *Tokaido*, 179 U.S.P.Q. at 861. This is because any decision by the district court "would be binding upon the Patent and Trademark Office" while "a decision by the Board would not be binding or *res judicata* as to the issues before the court." *Toro Co. v. Hardigg Indus., Inc.*, 187 U.S.P.Q. 689,692 (TTAB 1975), *rev'd on other grounds*, 549 F.2d 785, 193 U.S.P.Q. 149 (CCPA 1977). To prevent inconsistent or academic rulings (which most certainly would be the case in the instant opposition), suspension is appropriate even if "the trial in the federal court will take longer." *Whopper-Burger*, 171 U.S.P.Q. at 807. As SSI seeks to have the Board determine issues that squarely are before the court in the civil action, suspension is proper.

Moreover, the trademark dispute is but a small part of extensive and interrelated litigation between SSI and Disney that dates back to 1991 and spans both federal and state proceedings in Los Angeles. As such, the parties stipulated last year to defer litigation of the trademark dispute until after resolution of SSI's appeal of a judgment in favor of Disney and against SSI in a related state court action, the finality of which judgment will have issue and claim preclusive effect on SSI's trademark and other claims. The district court signed an order adopting the parties' stipulation on October 23, 2006, and entered that order on its docket on October 25, 2006. (Exhibit B). SSI's filing of the Opposition violates the parties' stipulation and the court's order that the trademark issues will be resolved at a later time in the district court action.

For these reasons, Disney respectfully requests that the Board grant this motion and suspend this opposition proceeding pending disposition of the district court action.

Dated: October 2, 2007

Respectfully submitted,

O'MELVENY & MYERS LLP

By: Dale Cendali
Dale M. Cendali

Dale M. Cendali
Melanie Bradley
7 Times Square
New York, New York 10022
(212) 326-2000
dcendali@omm.com
mbradley@omm.com

Daniel M. Petrocelli
1999 Avenue of the Stars, Suite 700
Los Angeles, California 90067
(310) 553-6700
dpetrocelli @omm.com

Attorneys for Respondent

CERTIFICATE OF SERVICE

I, Melanie Bradley, hereby certify that on October 2, 2007, I caused the Motion for Acceptance of Late-Filed Motion To Suspend in Lieu of an Answer and Motion to Suspend Pursuant to 37 C.F.R. §2.117 (a) to be served upon Opposer, by its counsel Andrew D. Skale, by personally delivering a true copy of the aforementioned document, enclosed in a properly addressed postpaid wrapper, via First Class mail to:

Andrew D. Skale, Esq.
Buchanan Ingersoll & Rooney P.C.
P.O. Box 1404
Alexandria, VA 22313-1404

Melanie Bradley

TTAB

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

STEPHEN SLESINGER, INC.,	
Petitioner,	
v.	
DISNEY ENTERPRISES, INC.,	Cancellation No. _____
Respondent.	1,982,916/ 74519838

PETITION FOR CANCELLATION

Stephen Slesinger, Inc., ("Petitioner"), a New York corporation, located and doing business in the State of Florida, believes that it is being and will be damaged by the U.S. Registrations listed in Schedule A and hereby petitions to cancel the registrations, based on the following grounds:

1. Upon information and belief, Disney Enterprises, Inc. ("Respondent"), is a Delaware corporation located and doing business at 500 South Buena Vista Street, Burburbank, California 91521. Respondent is the owner of record of the U.S. Registrations listed in Schedule A for various marks pertaining to the animated character Winnie-the-Pooh and other characters that appear in stories featuring Winnie-the-Pooh ("the Registered Marks").

2. Winnie-the-Pooh and his friends, and stories of their adventures, were the original creation of author A.A. Milne, as shown in some of his works in the 1920's, including the books *When We Were Very Young*; *Winnie-the-Pooh*; *Now We Are Six*; and *The House at Pooh Corner*.

In 1930, Petitioner's predecessor, Mr. Stephen Slesinger, secured rights in the Winnie-the-Pooh characters directly from A.A. Milne in order that Petitioner could develop and popularize the characters outside of the books. Those secured rights included trademark rights in the United States which Petitioner exercised for 30 years prior to licensing certain of those rights to Respondent in the 1960s and later, in a new 1983 agreement. Through the acquisition of those rights, Petitioner initiated and has been responsible for the development and popularization of the Winnie-the Pooh characters in the United States for over the past 75 years. For all relevant periods, Petitioner has owned the rights in and to the Registered Marks. Respondent, since 1961, has been and is Petitioner's licensee with respect to the Registered Marks.

3. Petitioner has never consented to Respondent applying for or securing registration of the Registered Marks in Respondent's name.

COUNT I: FRAUD IN THE APPLICATIONS

4. In the applications that resulted in each of the Registered Marks, Respondent made filings that contained statements that Respondent "believes [Respondent] to be the owner of the mark sought to be registered" or equivalent allegations by Respondent as to ownership.

5. Respondent was not the owner of the Registered Marks at the time that these filings were made. At those times, Respondent was, at most, only a licensee. As such, Respondent did not have any ownership rights in the Registered Marks.

6. Upon information and belief, Respondent knew or should have known that it made false statements to the U.S. Patent and Trademark Office when Respondent alleged that it is the owner of the Registered Marks.

7. Upon information and belief, Respondent made the false statements regarding ownership of the Registered Marks with the intent to procure registrations to which Respondent was not entitled, and Respondent was successful in procuring said registrations.

COUNT II: LACK OF OWNERSHIP

8. As a licensee of the Registered Marks, Respondent was not at any relevant time the owner of the Registered Marks.

9. The registrations for the Registered Marks are therefore void pursuant to Section 1 of the Trademark Act as the applications were filed and prosecuted by an entity other than the owner of the subject trademarks.

COUNT III: PRIOR RIGHTS

10. Petitioner is the owner of the trademarks that are covered by the Registered Marks. As owner of the trademarks that are covered by the Registered Marks, all use of said marks, including uses thereof by licensee Respondent, has inured to the benefit of Petitioner.

11. Petitioner has prior rights in the trademarks covered by the Registered Marks. Respondent's continued registration and use of the Registered Marks on or in connection with the goods and services recited in said registrations is likely to cause confusion, or to cause mistake, or to deceive.

DAMAGE AND RELIEF

12. Petitioner is and will continue to be damaged by the existence of the Registered Marks because the continued registration of these marks, to which Respondent is not entitled, impairs Petitioner's ability to freely use and register Petitioner's mark pursuant to Petitioner's ownership rights. In addition, upon any termination of Respondent's rights under license, Petitioner's rights in and to the Registered Marks could be impaired by Respondent's continued registration of these marks.

WHEREFORE, Petitioner prays that this Petition for Cancellation be granted, that Respondent's U.S. registrations in Schedule A be canceled, and for any and all other relief the Trademark Trial and Appeal Board may deem just and proper.

The required fee is submitted herewith; please charge any additional fees that may be due in connection with the cancellation of the registrations identified in the attached Schedule A to our Deposit Account No. 02-4800.

Respectfully submitted,

STEPHEN SLESINGER, INC.

Date: November 30, 2006

Andrew D. Skale
Fred W. Hathaway
Attorneys for Petitioner
BUCHANAN INGERSOLL & ROONEY P.C.
P. O. Box 1404
Alexandria, Virginia 22313-1404
Telephone: 703-836-6620
Facsimile: 703-836-2021

SCHEDULE A

Petition for Cancellation - Registered Marks
Stephen Slesinger, Inc. v. Disney Enterprises, Inc.

REGISTRATION NUMBER	REGISTRATION DATE	TRADEMARK
1,982,916	06-25-96	POOH and Design
2,257,705	06-29-99	POOH & FRIENDS
2,415,566	12-26-00	CLASSIC POOH and Design
2,415,567	12-26-00	CLASSIC POOH and Design
2,421,062	01-16-01	CLASSIC POOH and Design
2,421,063	01-16-01	CLASSIC POOH and Design
2,421,064	01-16-01	CLASSIC POOH and Design
2,421,065	01-16-01	CLASSIC POOH and Design
2,421,066	01-16-01	CLASSIC POOH and Design
2,623,099	09-24-02	CLASSIC POOH and Design
2,700,618	03-25-03	Design - PIGLET
2,702,775	04-01-03	Design - CHRISTOPHER ROBIN
2,704,886	04-08-03	Design - EEYORE
2,704,888	04-08-03	Design - POOH
2,803,118	01-06-04	HUNNY B'S
2,832,514	04-13-04	DISNEY HUNDRED ACRE WOOD
2,978,291	07-26-05	EEYORE
3,021,643	11-29-05	EEYORE
3,021,644	11-29-05	POOH
3,024,286	12-06-05	WINNIE THE POOH
3,024,287	12-06-05	WINNIE THE POOH
3,038,490	01-03-06	WINNIE THE POOH
3,101,432	06-06-06	DAYS OF HUNNY
3,122,189	07-25-06	POOH
3,175,607	11-21-06	POOH

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

STEPHEN SLESINGER, INC., Petitioner, v. DISNEY ENTERPRISES, INC., Respondent.	Cancellation No. 92046853 Reg. No.: 1982916 2257705 2415566 2415567 2421062 2421063 2421064 2421065 2421066 2623099 2700618 2702775 2704886 2704888 2803118 2832514 2978291 3021643 3021644 3024286 3024287 3038490 3101432 3122189 3175607

MOTION TO SUSPEND PROCEEDINGS PURSUANT TO 37 C.F.R. § 2.117

Respondent Disney Enterprises, Inc. ("Disney"), by and through its attorneys, O'Melveny & Myers LLP, respectfully submits this motion for suspension of proceedings pending the completion of the civil action between Disney and Stephen Slesinger, Inc. ("SSI") before the Honorable Florence-Marie Cooper, in the United States District Court for the Central District of California (Case No. CV-02-08508 FMC), commenced on November 5, 2002. Pursuant to 37 C.F.R. § 2.117(a), "proceedings before the Board may be suspended until termination of the civil action" whenever "it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action or another Board proceeding which may have a bearing on the case." *See* TMBP § 510.02(a); *Gen. Motors Corp. v. Cadillac Club Fashions Inc.*, 22 U.S.P.Q. 2d 1933 (TTAB 1992); *Other Tel. Co. v. Connecticut Nat'l Tel. Co.*, 181 U.S.P.Q. 125 (TTAB 1974); *Tokaido v. Honda Assocs. Inc.*, 179 U.S.P.Q. 861 (TTAB 1973); *Whopper-Burger, Inc. v. Burger King Corp.*, 171 U.S.P.Q. 805 (TTAB 1971).

SSI's Petition for Cancellation raises the same issues and seeks effectively the same relief as the pending district court action. The Petition alleges that SSI "has owned the rights in and to the Registered Marks" (Petition ¶ 2), that all use by Disney has been as "only a licensee" and thus "has inured to the benefit of Petitioner" (*id.* ¶¶ 5, 10), and that any registrations belong to SSI (*id.* ¶¶ 2-3). For purposes of comparison, Disney submits as Exhibit A a copy of the Fourth Amended Answer and Counterclaims ("FAAC") filed by SSI against Disney on October 6, 2006 in the Central District of California. In the FAAC, SSI alleges to be "an owner of rights in and to the Pooh trademarks" (Exhibit A ¶ 126), that "[a]ll use by Disney has been pursuant to a license" and thus "inures to the benefit of Slesinger" (*id.* ¶¶ 130, 137), and that "any registrations improperly obtained by Disney regarding the Slesinger Trademark Rights belong to Slesinger." (*Id.* ¶ 137.) Based on these claims, SSI asks the district court to order "the United States Patent and Trademark Office to correct the title of any such trademark registrations to Slesinger." (*Id.*) In other words, the claims in the civil action not only "have a bearing" on the claims in the instant cancellation proceeding, 37 C.F.R. § 2.117(a), they are wholly duplicative of it.

Furthermore, because the trademark dispute is but a small part of extensive and interrelated litigation between SSI and Disney that dates back to 1991 and spans both federal and state proceedings in Los Angeles, the parties stipulated last year to defer litigation of the trademark dispute. On October 19, 2006, recognizing that the trademark issues are intertwined with and dependent on the resolution of contract interpretation, copyright license, and other issues currently being litigated, the parties entered into a stipulation that the trademark issues will be resolved in a subsequent phase of the pending district court case, after conclusion of both (1) a "Phase 1" bench trial on copyright termination issues directly affecting SSI's rights to the Pooh Works, currently scheduled for April 17, 2007, and (2) SSI's appeal of a judgment in favor

of Disney and against SSI in a related California state court action, the finality of which judgment will have issue and claim preclusive effect on SSI's trademark and other claims. The district court signed an order adopting the parties' stipulation on October 23, 2006, and entered that order on its docket on October 25, 2006. (Exhibit B.)

Thereafter, and following a change of counsel, SSI applied to the district court to vacate the stipulation and order. SSI contended that, contrary to the stipulation and order, it now wished to immediately bring its trademark and other claims in the form of a separate federal action to be heard by the *same district judge* presiding over the pending action. (SSI will "file the remaining claims (e.g., trademark infringement ...) in a separate action, in the Central District of California, if it is assigned to Judge Cooper." (Exhibit C at 3:26-28).) On November 3, 2006, the district court denied SSI's application, leaving in full force and effect the stipulation and order deferring litigation of SSI's trademark and other claims. (Exhibit D.)

Eleven days later, despite the district court's order, SSI orally informed Disney of its intention to initiate a trademark cancellation proceeding before this Board. Disney immediately objected in writing that such a proceeding would violate the parties' stipulation and the district court's order. (Exhibit E.) SSI did not respond to Disney's objection. Instead, two weeks later, SSI filed this Petition, although Disney did not receive or learn of it until January 23, 2007.

Given these facts, suspension of the instant cancellation proceeding is appropriate for at least two reasons. *First*, the Petition raises issues that are already embraced in the pending civil action. When there is such an overlap, "it is deemed to be the better policy to suspend proceedings herein until the civil suit has been finally concluded." *Tokaido*, 179 U.S.P.Q. at 861. This is because any decision by the district court "would be binding upon the Patent and

Trademark Office" while "a decision by the Board would not be binding or res judicata as to the issues before the court." *Toro Co. v. Hardigg Indus., Inc.*, 187 U.S.P.Q. 689, 692 (TTAB 1975), *rev'd on other* grounds, 549 F.2d 785, 193 U.S.P.Q. 149 (CCPA 1977). To prevent inconsistent or academic rulings, suspension is the appropriate action even if "the trial in the federal court will take longer." *Whopper-Burger*, 171 U.S.P.Q. at 807.

Second, SSI's filing of the Petition violates the parties' stipulation and the court's order that the trademark issues will be resolved at a later time in the district court action. To the extent SSI argues otherwise or urges reconsideration of the stipulation and order, we submit Judge Cooper is in the best position to interpret and to assess her own order. Pursuant to Local Rule 83-1.4.1 of the Central District of California, Disney is concurrently notifying Judge Cooper of the pendency of this proceeding and the filing of this motion.

For all of these reasons, Disney respectfully requests that the Board grant this motion and suspend this cancellation proceeding pending disposition of the district court action.

Dated: February 2, 2007

Respectfully submitted,

O'MELVENY & MYERS LLP

By: Dale Cendali
Dale M. Cendali

Dale M. Cendali
Melanie Bradley
7 Times Square
New York, New York 10022
(212) 326-2000
dcendali@omm.com
mbradley@omm.com

Daniel M. Petrocelli
1999 Avenue of the Stars, Suite 700
Los Angeles, California 90067
(310) 553-6700
dpetrocelli@omm.com

Attorneys for Respondent

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

FSW/kk

Mailed: February 27, 2007

Cancellation No. 92046853

STEPHEN SLESINGER, INC.

v.

DISNEY ENTERPRISES, INC.

Frances S. Wolfson, Interlocutory Attorney:

On February 2, 2007, respondent filed a motion to suspend proceedings pending the outcome of a civil action between the parties.[1] Petitioner has filed a response to the motion.

Whenever it comes to the attention of the Board that the parties to a case pending before it are involved in a civil action, proceedings before the Board may be suspended until final determination of the civil action. See Trademark Rule 2.117(a); and *General Motors Corp. v. Cadillac Club Fashions Inc.*, 22 USPQ2d 1933 (TTAB 1992). Suspension of a Board case is appropriate even if the civil case may not be dispositive of the Board case, so long as the ruling may have a bearing on the rights of the parties

[1] Case No. CV-02-08508 FMC, pending before the U.S. District Court for the Central District of California.

in the Board case. See *Martin Beverage Co. v. Colita Beverage Corp.*, 169 USPQ 568, 570 (TTAB 1971).

After careful review of the record, including petitioner's "Fourth Amended Answer and Counterclaims" (filed by petitioner as defendant in the civil suit), it is determined that suspension is appropriate. Petitioner seeks a "declaration" from the Court to "correct the title" to any registrations that it believes respondent has obtained improperly. Inasmuch as petitioner believes respondent obtained the registrations that are the subject of this Board proceeding improperly, the final disposition of petitioner's request for such declaration from the Court is likely to have a bearing on the Board proceeding. Moreover, a decision of a federal district court is binding upon the parties in a Board proceeding, whereas a decision of the Board is not binding. The non-prevailing party in a Board proceeding may then bring a civil action in a district court pursuant to 15 U.S.C. § 1071(b), and receive a *trial de novo* on the exact same issue decided by the Board. See, for example, *Goya Foods Inc. v. Tropicana Products Inc.*, 846 F.2d 848, 6 USPQ2d 1950 (2d Cir. 1988); and *American Bakeries Co. v. Pan-O-Gold Baking Co.*, 650 F. Supp. 563, 2 USPQ2d 1208 (D. Minn. 1986).

JOSEPH W. COTCHETT (#36324)
NANCY L. FINEMAN (#124870)
ROBERT B. HUTCHINSON (#45367)
PHILIP L. GREGORY (#95217)
DOUGLAS Y. PARK (#233398)
COTCHETT, PITRE, SIMON & McCARTHY
840 Malcolm Road, Suite 200
Burlingame, CA 94010
Telephone: (650) 697-6000

Attorneys for Defendant and Counter-Claimant STEPHEN SLESINGER, INC.

[PROPOSED]

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

CLARE MILNE, an individual, by and through MICHAEL JOSEPH COYNE, her Receiver, and DISNEY ENTERPRISES, INC.

Plaintiffs,

v.

STEPHEN SLESINGER, INC.

Defendant.

STEPHEN SLESINGER, INC.,
Counter-Claimant,

v.

DISNEY ENTERPRISES, INC.; THE WALT DISNEY COMPANY; and WALT DISNEY PRODUCTIONS

Counter-Defendants.

Case No. CV-02-08508 FMC (PLAx)

DEFENDANT AND COUNTER-CLAIMANT STEPHEN SLESINGER, INC.'S FOURTH AMENDED ANSWER AND COUNTERCLAIMS

1. INFRINGEMENT OF RIGHTS UNDER THE UNITED STATES COPYRIGHT ACT
2. TRADEMARK INFRINGEMENT
3. TRADE DRESS INFRINGEMENT
4. BREACH OF CONTRACT
5. BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING
6. FRAUD
7. DECLARATORY RELIEF RE THE 1983 AGREEMENT
8. DECLARATORY RELIEF RE INVALIDITY OF HUNT TERMINATION NOTICE
9. DECLARATORY RELIEF RE INVALIDITY OF THE REVERSION AGREEMENT
10. INJUNCTIVE RELIEF
11. DECLARATORY RELIEF RE LIMITED SCOPE OF HUNT TERMINATION NOTICE
12. VIOLATION OF CALIFORNIA BUSINESS AND PROFESSION CODE §17200 *et seq.* AND UNFAIR COMPETITION

JURY TRIAL DEMANDED

TABLE OF CONTENTS

Defendant Stephen Slesinger, Inc., by its attorneys, answers the First Amended Complaint as follows:

1-3. Defendant admits that plaintiffs purport to assert that this Court has subject matter, personal jurisdiction and venue as alleged in paragraphs 1, 2, and 3 but otherwise denies the allegations contained in these paragraphs.

4. Defendant denies having sufficient knowledge or information to form a belief as to the allegations contained in paragraph 4 and therefore denies the same.

5. Defendant denies having sufficient knowledge or information to form a belief as to the allegations contained in paragraph 5 and therefore denies the same.

6. Defendant denies the allegations contained in paragraph 6 to the extent these imply that plaintiff Disney owns the Winnie-the-Pooh character, and further denies having sufficient knowledge or information to form a belief as to the remaining allegations of paragraph 6 and therefore denies the same.

7. Defendant denies the allegations contained in paragraph 7 except admits it is a New York Corporation with its principal place of business in Tampa, Florida, that much of its revenues are derived from payments made to it by Disney-related entities pursuant to an agreement dated April 1, 1983, in which it licensed to Walt Disney Productions certain rights it obtained from the trustees of Pooh Properties Trust, also on April 1, 1983 (the "1983 Agreement").

8. Because the allegations contained in paragraph 8 are conclusions of law that require neither an admission nor a denial, defendant respectfully refers the Court to the statute and authorities interpreting the same for the meaning thereof.

9. Because the allegations contained in paragraph 9 are conclusions of law that require neither an admission nor a denial, defendant respectfully refers the Court to the statute and authorities interpreting the same for the meaning thereof.

10. Defendant denies the allegations contained in paragraph I0 but admits that plaintiffs characterize their action as set forth therein.

11. Defendant denies having sufficient knowledge or information to form a belief as to the allegations contained in the first sentence of paragraph 11 and therefore denies the same, and denies the remaining allegations contained in paragraph 11.

12. Defendant admits the allegations contained in paragraph 12.

13. Defendant denies having sufficient knowledge or information to form a belief as to the allegations contained in paragraph 13 and therefore denies the same.

14. Defendant denies the allegations contained in paragraph 14 except admits that in January 1930 A. A. Milne and defendant's predecessor, Stephen Slesinger, entered into a Memorandum of Agreement (the "1930 Grant"), which memorandum speaks for itself, and defendant respectfully refers the Court thereto for the contents thereof and further admits the allegation contained in the last sentence of paragraph 14.

15. Defendant denies having sufficient knowledge or information to form a belief as to the allegations contained in paragraph 15 and therefore denies the same.

16. Defendant admits that it entered into an agreement in 1961 with Walt Disney Productions (the "1961 Slesinger Disney Agreement") and further admits that Walt Disney Productions entered into an agreement in 1961 with the executors of the Milne estate and with Daphne Milne in her individual capacity, which agreements speak for themselves, and defendant respectfully refers the Court to the contents thereof and otherwise denies the allegations contained in paragraph 16.

17. Defendant denies the allegations contained in paragraph 17 except admits that in 1983 it entered into a new agreement with Walt Disney Productions,

Slesinger, Christopher Milne - plaintiff Clare Milne's father - and the Pooh Properties Trust in which, inter alia, the 1930 Grant by A. A. Milne to defendant's predecessor, and all amendments thereto, were revoked and a new grant of rights was made to defendant and further admits that in 1983 Walt Disney Productions and the Pooh Properties Trustees entered into an agreement.

18. Defendant denies having sufficient knowledge or information to form a belief as to the allegations of paragraph 18 and therefore denies the same except asserts that the Termination Notices purportedly served by plaintiff Clare Milne and Harriet Jessie Minette Hunt (the "Termination Notices") speak for themselves, and respectfully refers the Court thereto for the contents thereof.

19. Defendant denies having sufficient knowledge or information to form a belief as to the allegations contained in paragraph 19 and therefore denies the same.

20. Defendant incorporates herein by reference all of the allegations and averments contained in paragraphs 1 through 19 of this Answer.

21. Defendant denies having sufficient knowledge or information to form a belief as to the allegations contained in paragraph 21 and therefore denies the same.

22. Defendant denies the allegations contained in paragraph 22.

23. Defendant admits the allegations contained in paragraph 23.

24. Defendant denies the allegations contained in paragraph 24 except admits that Milne alleges that Milne seeks a declaration that the Milne Termination Notice is valid.

25. Defendant incorporates herein by reference all of the allegations and averments contained in paragraphs 1 through 24 of this Answer.

26. Defendant denies having sufficient knowledge or information to form a belief as to the allegations contained in paragraph 26 and therefore denies the same.

27. Defendant admits the allegations contained in paragraph 27.

28. Defendant denies the allegations contained in paragraph 28 except admits that Disney alleges that it seeks a declaration that the Hunt Termination Notice is valid.

AFFIRMATIVE DEFENSES

FIRST COMPLETE AFFIRMATIVE DEFENSE

29. Plaintiffs' First Amended Complaint fails to state a claim upon which relief may be granted.

SECOND COMPLETE AFFIRMATIVE DEFENSE

30. Plaintiffs' claims fail because the agreement or agreements they claim will be terminated by the Termination Notices were lawfully revoked in 1983 and are no longer subject to termination.

THIRD COMPLETE AFFIRMATIVE DEFENSE

31. Plaintiffs' claims with respect to the agreements and events that took place in 1983 are barred by the doctrines of laches, waiver, and/or estoppel.

FOURTH COMPLETE AFFIRMATIVE DEFENSE

32. Plaintiffs' claims based upon the alleged validity and effectiveness of the Termination Notices served by Milne and Hunt on or about November 4, 2002 are legally untenable because: (1) such Termination Notices fail to comply with the requirements of the United States Copyright Act as to identification of the grants purportedly terminated and of the works allegedly covered by such Termination Notices; and/or (2) Slesinger's rights at issue are not encompassed by the grants purportedly identified in such Termination Notices but are included in other agreements or were otherwise obtained by Slesinger, including but not limited to, by virtue of agreements, consents, or by operation of law.

FIFTH COMPLETE AFFIRMATIVE DEFENSE

33. Plaintiffs' claims should be dismissed because plaintiffs have failed to join the Pooh Properties Trust and the Walt Disney Company, which are necessary and/or indispensable parties hereto pursuant to Fed. R. Civ. P. 19.

SIXTH COMPLETE AND/OR

PARTIAL AFFIRMATIVE DEFENSE

34. Plaintiffs' claims with respect to the validity and effectiveness of the Termination Notices served by Milne and Hunt on or about November 4, 2002, are barred by the doctrines of laches, waiver, and/or estoppel.

SEVENTH COMPLETE AND/OR

PARTIAL AFFIRMATIVE DEFENSE

35. Any termination by Milne and/or Hunt pursuant to section 304(d) of the United States Copyright Act of the 1930 Grant or the 1983 Agreement could, inter alia, only affect rights under United States copyright granted thereunder. Such termination could not have any effect on Slesinger's rights to continue to utilize derivative works prepared pursuant to rights granted to Slesinger in the 1930 Grant or thereafter, or to continue to exercise rights and/or receive royalties not arising under the United States Copyright Act, including but not limited to those arising under federal, state, and/or foreign trademark and unfair competition laws or under foreign copyright laws.

EIGHTH COMPLETE AFFIRMATIVE DEFENSE

36. Plaintiffs' claims are barred by the doctrine of unclean hands.

NINTH COMPLETE AFFIRMATIVE DEFENSE

37. Plaintiffs' claims are barred by the statute of limitations including but not limited to, Cal. Civ. Code. §§ 337 - 1, 3, 338(d), 339 -1, 3, and 343.

TENTH COMPLETE AND/OR

PARTIAL AFFIRMATIVE DEFENSE

38. Plaintiffs' claims are premature, as there is no substantial controversy of sufficient immediacy to warrant judicial determination.

ELEVENTH COMPLETE AND/OR

PARTIAL AFFIRMATIVE DEFENSE

39. Plaintiffs' claims fail because of one of the following:

(a) The actions of Plaintiff Disney and the Walt Disney Company (hereinafter, collectively, "Disney") in connection with the Termination Notices and Disney having announced that it no longer intends to pay Slesinger royalties effective November 4, 2004, represent a repudiation and anticipatory breach of the 1983 Agreement giving Slesinger the right to terminate all future rights of plaintiff Disney thereunder and to recapture and exploit such rights;

(b) Even if the Court deems the Termination Notices to be effective, plaintiff Disney, and/or any other related entity would remain legally and equitably obligated to pay to Slesinger the royalties provided for under the 1983 Agreement;

(c) Disney violated its fiduciary and/or other obligations to Slesinger in inducing attorney Michael Joseph Coyne ("Coyne"), purportedly acting on Milne's behalf, and Hunt to serve the Termination Notices and in entering into its surreptitious agreements with Coyne and Hunt, to appropriate to itself, without payments to Slesinger, the very rights Slesinger obtained from the Pooh Properties Trust, which Disney had agreed to exploit and for which it agreed to pay royalties;

(d) By reason of Disney's fraudulent and inequitable conduct, even if the Termination Notices were deemed effective, any such terminated rights which Disney acquires for itself, and the proceeds thereof, would be held by Disney in actual or constructive trust for the benefit of Slesinger;

(e) Hunt has no right to exercise any right of termination under 17 U.S.C. § § 304(c) or (d) of the United States Copyright Act, but even if they were held to have such a right, Disney's inducing Coyne, purportedly acting on Milne's behalf, and Hunt to bring about such a termination would be a tortious interference with Slesinger's rights under contract;

(f) Hunt has no right to exercise any right of termination under 17 U.S.C. § § 304(c) or (d) of the United States Copyright Act, because the illustrations in question were works made-for-hire;

(g) Hunt has no right to exercise any right of termination under 17 U.S.C. § § 304(c) or (d) of the United States Copyright Act, because Hunt agreed to the 1983 Agreement, either directly or through an agent, and therefore cannot now claim that a revocation and regrant is not operative;

(h) Under Cal. Evid. Code § 622, plaintiffs are prohibited from contradicting, inter alia, those recitals in the 1983 Agreement providing that the 1930 Grant was revoked and a new grant made; and

(i) Under Cal. Civ. Code § 3521, plaintiffs cannot accept the benefits of the transaction provided to them by the 1983 Agreement (e.g., the rights), without bearing the burden of that transaction (e.g., the royalty obligations).

TWELFTH COMPLETE AND/OR

PARTIAL AFFIRMATIVE DEFENSE

40. Plaintiffs fail to state a claim because the 1930 Grant that plaintiffs allege will be terminated by the Termination Notices was not principally a grant of any rights under copyright and thus is not eligible for termination under Section 304 of the United States Copyright Act.

THIRTEENTH COMPLETE AND/OR PARTIAL AFFIRMATIVE DEFENSE

41. Because the various paragraphs of plaintiffs' First Amended Complaint do not comply with FED. R. Civ. P. 8(a) and (e), Slesinger is not required to separately admit or deny each averment contained therein.

FOR THESE REASONS, Slesinger prays that the Court dismiss all of plaintiffs' claims and find for Slesinger on all counts, that Slesinger be awarded its costs, including reasonable attorneys' fees under Section 505 of the United States Copyright Act, and prays for such other and further relief as this Court deems just and proper.

COUNTERCLAIMS

I. INTRODUCTION

1. Winnie-the-Pooh is instantly recognized throughout the world by his rounded-yellow body and red shirt. Every year, he becomes more and more popular through the selling of toys, clothing, novelties, and other products, services, and commercial uses. Currently, it is estimated that Winnie-the-Pooh brings in billions of dollars in annual income.

2. The initial belief that Winnie-the-Pooh and his friends, as Milne's literary characters, could be successfully developed into distinctive and colorful graphic characters and personalities, marketed internationally as characters outside of books, belongs to a single man, Stephen Slesinger.

3. In **1930**, Stephen Slesinger obtained, *inter alia*, rights to Winnie-the-Pooh in the United States and Canada from the author, A.A. Milne. At the time he transferred these rights, A.A. Milne represented that the rights "are absolutely and exclusively owned by him, free and clear of any rights or claims of rights of any other person."

4. After Stephen Slesinger transferred these rights to Defendant and Third-Party Plaintiff Stephen Slesinger, Inc. ("Slesinger"), he transformed Winnie-the-Pooh and his friends from a series of black and white drawings into the colorized bear and his friends, all well-known and loved throughout the world. With vision and determination, Slesinger used marketing and character development skills and developed Winnie-the-Pooh and his friends into successful merchandising properties, in many product lines and services, and protecting these product lines and services through intellectual property rights and contract rights (the "Pooh Brand"). The Pooh Brand includes products or services that employ or use (or are taken from or based upon) characters, materials, or titles developed by A.A. Milne or Slesinger, or by authority of A.A. Milne or Slesinger.

5. Following Slesinger's successful efforts, in **1961** Disney entered into agreements with Slesinger, A.A. Milne's widow, and A.A. Milne's estate to obtain, among other rights, the right to market this successful brand. In **1983**, the parties revoked the 1930 Agreement and the 1961 Agreement and entered into a new agreement.

6. Rather than dealing fairly and honestly with Slesinger since executing the 1983 Agreement, Disney has intentionally and continuously failed to properly accumulate, calculate, and pay royalties to Slesinger, failed to report on gross receipts without deduction, intentionally and continuously failed to report royalties in a timely manner, engaged in unauthorized uses of Slesinger's intellectual property, tried to interfere with Slesinger's rights to receive royalties and to make false claims about its role in creating the Winnie-the-Pooh characters known today.

7. This lawsuit seeks a determination of the appropriate rights owned by the respective parties and to recover substantial damages for the wrongs of Disney and its co-conspirators, including, but not limited to, copyright, trademark, and trade dress infringement.

II. JURISDICTION AND VENUE

8. The Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338. This Court also has original jurisdiction pursuant to 28 U.S.C. §1332(a), as this controversy exceeds the value of $75,000 and is between citizens of different states. The Court has supplemental jurisdiction over Slesinger's state law claims pursuant to 28 U.S.C. §1367.

9. Venue is proper in this District pursuant to 28 U.S.C. §§1391(b), 1391(c), and 1400(a). The Disney Counter-Defendants are headquartered and/or perform business in this District. A substantial part of the events, acts, omissions, and transactions complained of herein occurred in this District.

III. THE PARTIES

10. Counter-Claimant Stephen Slesinger, Inc. ("Slesinger") is a New York corporation with its principal place of business in the Florida. Among other activities, Slesinger is in the business of licensing rights in fictional characters.

11. Counter-Defendant Disney Enterprises, Inc. is a Delaware corporation with its principal place of business in Burbank, California.

12. On information and belief, Counter-Defendant Walt Disney Productions changed its name in 1986 and is now called Disney Enterprises, Inc.

13. Counter-Defendant The Walt Disney Company is a Delaware corporation with its principal place of business in Burbank, California.

14. On information and belief, The Walt Disney Company owns 100% of the stock and/or is the alter ego of Disney Enterprises, Inc. Hereinafter, Counter-Defendants The Walt Disney Company, Walt Disney Productions, and Disney Enterprises, Inc. will be referred to collectively as "Disney."

15. In its complaint in this action, Disney claims that it has the right to enforce the Termination Notice served on Slesinger in November of 2002 by Third Party Defendant Minette Hunt (the "Hunt Termination Notice"). The Hunt Termination Notice was filed with the United States Copyright Office by Hunt's agents, who were located in California.

16. Third Party Defendant Harriet Jessie Minette Hunt ("Hunt") is a resident and citizen of the United Kingdom and purports to be the sole living grandchild of Ernest H. Shepard ("Shepard"). Shepard created certain black-and-white illustrations of Winnie-the-Pooh and his friends.

17. At all relevant times, each Counter-Defendant was and is the agent of each of the remaining Counter-Defendants, and in doing the acts alleged herein, was acting within the course and scope of such agency. Each Counter-Defendant ratified and/or authorized the wrongful acts of each of the other Counter-Defendants.

IV. FACTUAL BACKGROUND

A. THE POOH FAMILY OF CHARACTERS ARE BORN

18. In **1921**, A.A. Milne ("Milne") gave his son, Christopher Robin Milne, a bear for Christopher's first birthday. His son and the bear later became the inspiration for Milne's writings about the character, Winnie-the-Pooh.

19. In **1923**, Milne wrote a poem about Christopher Robin entitled "Vespers." He told his wife, Daphne, that she could keep the money she received from the sale of the "Vespers" poem. With the assistance of Tess Slesinger, Mrs. Milne sold the poem to *Vanity Fair* magazine, where it was first published. The "Vespers" poem became popular.

20. From **1924** to **1928**, Milne published numerous poems and stories, including the following four book-length collections about the adventures of Winnie-the-Pooh, Christopher Robin, and their friends: *When We Were Very Young*; *Winnie-the-Pooh*; *Now We Are Six*; and *The House at Pooh Corner* (the "Pooh Books"). These works and further works or versions which employ, use, are taken from, or based in whole or in part upon any of the characters, names, materials, titles, scenes, symbols, dramatizations, songs, performances, or similar matters which employ, use, or are taken from or based upon the several works or any part thereof are hereinafter defined as the "Pooh Elements." In these adventures, Winnie-the-Pooh was joined by his friends, Christopher Robin, Eeyore, Piglet, Kanga, Tigger, Owl, Rabbit, and other characters (including, but not limited to, Roo, Heffalump, Woozles, Rabbit and Relations) (the "Pooh Family of Characters").

21. In the 1920s, the Pooh Elements were published with derivative decorations created by several well-known illustrators.

22. Some derivative decorations in the Pooh Books were created by Shepard. Shepard's derivative decorations showed the Pooh Family of Characters in black-and-white drawings.

23. The Pooh Elements became popular in England and in the United States. In the United States, early books were registered by Dutton Publishing in the United States Copyright office and proper notice was provided by Dutton as copyright registrant.

24. As of **1929**, the Pooh Family of Characters were known only in Milne's black and white text and had not been developed outside of books and magazines.

B. BACKGROUND ON STEPHEN SLESINGER

25. Stephen Slesinger was a successful publisher, producer, illustrator, and writer. As of the **1930s**, he was the United States' most successful representative of authors (including Edgar Rice Burroughs, Rex Beach, Will James, Hendrik Wilhelm Von Loon) and newspaper syndicate comics (Bell Syndicate, NEA Service, Publishers Syndicate, United Features). From the **1930s** to the **1950s**, Stephen Slesinger controlled some of the most popular character rights, including, without limitation: Tarzan, Buck Rodgers, Red Ryder, Alley Oop, King of the Royal Mounted, and Og.

26. In the **1930s**, Stephen Slesinger was a pioneer in developing comprehensive "character merchandising" plans, which included: artwork, product design, franchising, product promotion, public relations, and advertising coordination.

27. Throughout the **1930s**, **1940s**, and **1950s**, Stephen Slesinger also was a media innovator (creating Telecomics films, a new film medium that featured synoptic versions of popular children's books and comic attractions), president of a motion picture production company (Telepictures, Inc., formed with the family of Zane Grey), a film producer (including television credits), a journalist, and an artist.

C. INITIAL AGREEMENTS BETWEEN MILNE AND SLESINGER

28. In **1930**, Stephen Slesinger crossed the Atlantic by boat from New York to England to sign the contract with Milne because of his belief that Milne's characters could be developed into a distinctive Pooh Brand, far beyond the black and white pages of Milne's text, thereby increasing their popularity and value.

29. On **January 6, 1930**, Milne and Stephen Slesinger entered into a written agreement (the "1930 Agreement") which, *inter alia*, granted Stephen Slesinger "the sole and exclusive right, license and privilege" to use, develop, and market the Pooh Family of Characters, the Pooh Elements, and any and all future works dealing with the Pooh Family of Characters "in the United States of America, its insular possessions, the Dominion of Canada and Nova Scotia."

30. In the 1930 Agreement, Milne represented and warranted that the rights granted to Stephen Slesinger "are absolutely and exclusively owned by him, free and clear of any rights or claims of rights of any other person."

31. The rights granted in the 1930 Agreement by Milne to Stephen Slesinger included, but were not limited to, the following:

a. The "sole and exclusive right, license and privilege to use... the name of the Author, the title of the said works, and the characters therein, the drawings and illustrations in the said several works and the right to have made other and further drawings and illustrations portraying or reflecting actions of the said several characters... including the right to use the same in and for the purpose of advertising publicity and otherwise, except as is herein specifically stated to the contrary";

b. The right to "sell or cause to be sold, as aforesaid, in interstate and/or foreign commerce, some of the fabrics, things or materials";

c. The "exclusive privilege of reproducing and/or using the rights, privileges and licenses hereinbefore granted in any or every material form as aforesaid, including the rights to grant and license others..."; and

d. The right to be protected "from all claims which may be made upon or taken against [Slesinger] on the ground that the said illustrations and/or characters are the copyright or the property of any other party...."

32. The 1930 Agreement provided that merchandise subject to trademark rights was to be protected "under the Trademark Act of the United States of America." Drawings or illustrations were to be protected by the proper copyright notice or design patent.

33. Soon after Milne and Stephen Slesinger signed 1930 Agreement, Stephen Slesinger assigned his interest in the 1930s Grant to Slesinger.

34. Over time, the 1930 Agreement was amended by other writings (the 1930 Agreement, as amended, is referred to herein as the "1930s Grant").

35. The 1930 Agreement was amended on **June 20, 1932** (the "1932 Amendment"). Through the 1932 Amendment, Milne and Slesinger anticipated future uses of the Pooh Brand, including every type of technology in the future. By the 1932 Amendment, Milne granted Slesinger "any and all rights and/or uses, present and/or future, of radio reproduction, representation, broadcasting and/or the like, as they exist or may exist under the laws of the United States of America, its insular possessions, the Dominion of Canada and Nova Scotia...the sole and exclusive rights for and the use thereof within the above-mentioned territorial and geographical divisions and subdivisions and not elsewhere, to any and all use or uses of the books referred to in the [1930 Agreement] and the various song books or works published or to be published or issued, based on or adapted from them or upon the literary works to be written in the future dealing with the characters

contained in those books, including readings, recitations, songs, dramatizations and other performing rights over on or in connection with the radio, or any adaptation or variation or extension thereof, or other mechanical sound, word, and/or picture representation (or any combination thereof) such as any broadcasting or representational device, wire, television, or other mechanical instrument or devices or of any such future similar or allied devices."

D. STEPHEN SLESINGER POPULARIZES POOH

36. At the time the 1930 Agreement was signed, the idea of creating a licensing market for branded character merchandise was in its infancy. Licensing is the business of granting rights to advertise, reproduce, and use a person or character's name and likeness in connection with another's business, product or service in a manner that enhances that business, product, or service. Consideration for granting these rights is usually in the form of participation in the revenues that result from the enhancement.

37. In a typical licensing transaction, the royalty base is the sales price of an item, thing or service (such as food, merchandise, or entertainment) which is "themed" with the name or likeness that has been licensed. Where a contract is based on gross sales, the royalty percentage is usually lower, but no deductions are permitted to be made by the licensor.

38. Stephen Slesinger was a pioneer in licensing and character development, through marketing characters and increasing their popularity and value. He transformed characters described in a book or magazine into graphic and pictorial distinctive personalities, reproduced with thousands of impressions in all of the then-existing media. He created new drawings, expanded and dramatized stories, and made recordings with music and songs.

39. Slesinger developed the Pooh Brand by giving the Pooh Family of Characters a distinctive richness and dimension outside of the Pooh Elements. For 35 years, Slesinger engaged in a pioneering character development and

merchandising campaign with a wide variety of toys, games, apparel, story and song recordings (with actors Jimmy Stewart and Gene Kelly), radio performances, and marionette performances that brought the Pooh Family of Characters to life. Slesinger transformed Milne's black and white books into colorful "American" characters in children's theater, radio, film, and character branded merchandise.

40. As of **June 1931**, after Slesinger had been marketing the Pooh for 18 months, *Playthings Magazine* reported that the Pooh Family of Characters generated $50,000,000 in revenue. In 1938, seven years later, *Playthings Magazine* reported that Mickey Mouse reported $38,000,000 in revenue.

41. Stephen Slesinger took out design patents for some of his work. Examples of Slesinger's design patents are attached hereto as **Exhibit 1** and incorporated herein by this reference.

42. Stephen Slesinger began using images and names of the Pooh Family of Characters in connection with numerous items for which he took out trademarks. Examples of these trademarks are attached hereto as **Exhibit 2** and incorporated herein by this reference.

43. Slesinger's licensees included prominent toy, food, garments and accessories, manufacturers, and radio and television networks. Slesinger paid a significant portion of the monies to Milne. The Pooh Family of Characters and the Pooh Brand, as modified and developed by Slesinger, were distinctive and instantly recognizable by children and adults as the Pooh Family of Characters. Examples of Slesinger's efforts to develop the Pooh Brand are attached hereto as **Exhibit 3** and incorporated herein by this reference.

E. SHIRLEY SLESINGER LASSWELL CONTINUES TO DEVELOP THE POOH FAMILY OF CHARACTERS

44. In **1953**, Stephen Slesinger passed away. Subsequently, his widow, Shirley Slesinger Laswell, took over as President of Slesinger. With her creative mind and business talents, Mrs. Slesinger worked to license the Pooh Brand to

coloring-book publishers, children's clothiers, and stuffed animal makers. Mrs. Slesinger created a new, fresh look. Her new artwork and ideas came from the perspective of a mom, and she developed the products she wanted herself.

45. Slesinger searched for the best manufacturers and the finest quality of products and services. In 1963, the New York Times described the Slesinger developed Pooh brand as "... not only a toy bear, but an industry..."

46. During the **late 1950s to early 1960s**, Slesinger's "Wonderful World of Winnie the Pooh" promotions appeared at major department stores across the country, including Bergdorf's, Saks, Filene's of Boston, Neiman Marcus, Marshall Fields, I. Magnin and FAO Schwartz. Even the children of President John F. Kennedy owned finely embroidered Pooh clothing, imported from Switzerland and licensed exclusively by Slesinger.

47. As a result of Slesinger's nationwide licensing efforts, it substantially increased the popularity of the Pooh Brand and its value to Milne and Slesinger. Slesinger's Winnie-the-Pooh, a rounded golden bear with a bright red shirt, and Slesinger's classical version with softer colors and distinctive designs, became immediately identifiable to the public. Slesinger had created a distinctive appearance for the Pooh Family of Characters which included their shape, color, and accessories.

F. SLESINGER AND DISNEY: THE 1961 AGREEMENT

48. In the **late 1950s or early 1960s**, Mrs. Slesinger was working on developing Slesinger's television rights in the Pooh Brand. In the course of these efforts, she met Walt Disney. Walt Disney represented to her that Disney could make the Pooh Family of Characters even more popular if Slesinger would grant Disney rights to them. Walt Disney promised Mrs. Slesinger that she would "never be sorry" if she entered into a contract with Disney. Walt Disney went to great lengths to convince Mrs. Slesinger that she could trust both himself and the entire Disney organization.

49. Mrs. Slesinger trusted Walt Disney and in relied on his promises, in agreeing with enthusiasm when Walt Disney wanted to develop Slesinger's television rights.

50. On **June 14, 1961**, Slesinger entered into a written agreement with Disney (the "1961 Disney Agreement"). In the 1961 Disney Agreement, Slesinger granted to Disney the right to exploit, and to license to others to exploit, certain rights in the Pooh Brand in specific media in the United States and Canada.

51. In **1961**, Disney acquired from Slesinger certain of Slesinger's rights in a fully developed intellectual property and brand.

52. In return for this grant of rights under the 1961 Disney Agreement, Disney specifically agreed to pay Slesinger royalties equal to 4% of gross receipts actually received by Disney, its affiliates, and others acting in its behalf from commercial exploitation of the Pooh Brand throughout the world.

53. Simultaneously, Dorothy Daphne Milne, the widow of Milne, acting both individually and as co-executor of A.A. Milne's will (Milne had died in **1956**), and Spencer Curtis-Brown, as co-executor of A.A. Milne's will (collectively the "Milne Estate"), entered into an agreement with Disney to grant Disney certain rights (the "1961 Milne Agreement"). Disney agreed to pay the executors of the Milne Estate royalties equal to 2.5% of gross receipts actually received by Disney and others acting in its behalf from commercial exploitation of the Pooh Brand throughout the world.

54. In the 1961 Milne Agreement, Dorothy Daphne Milne and the Milne Estate represented and warranted that: (a) Milne "is the sole author of the work; that said work is original with [Milne] in all respects, that no incident therein contained and no part thereof is taken from or based upon any other work of any kind, except works in the public domain, or in any way infringes upon the copyright or any other right of any individual, firm, person or corporation...."; and

(b) the Milne Estate had the sole and exclusive right to dispose of each and every right granted or purported to be granted to Disney.

55. In entering into the 1961 Disney Agreement, Slesinger relied upon the representations and warranties of Dorothy Daphne Milne and the Milne Estate contained in the 1961 Milne Agreement.

56. By virtue of the 1961 Disney Agreement and the 1961 Milne Agreement, the Milne Estate received royalties based both on the rights granted by Dorothy Daphne Milne and the Milne Estate, and the rights granted by Slesinger to Disney. Likewise, Slesinger received royalties based both on the rights granted by Dorothy Daphne Milne and the Milne Estate, and on the rights granted to Slesinger to Disney. Because the rights granted by Slesinger to Disney were more valuable, Slesinger received 4% of the 6.5% royalty base and the Milne Estate received 2.5% of the 6.5% royalty base.

57. At Disney's request, Slesinger directed the Pooh Brand for several years after the 1961 Agreement was executed. At the same time, Slesinger provided materials and designs to assist Disney in the development of its motion picture version and its own marketing campaigns. Slesinger's efforts continued until **1966**, when Disney released its first movie based on the Pooh Family of Characters, "Winnie the Pooh and the Honey Tree." Disney continued to develop the Pooh Brand based on Slesinger's artwork, trademarks, and marketing efforts.

58. Pursuant to an assignment dated **May 25, 1972**, the rights of the Milne Estate in the Pooh Elements were transferred to the trustees of the Pooh Properties Trust, a trust organized under the laws of England and Wales. The Trustees of the Pooh Properties Trust shall be referred to hereinafter as the "Pooh Properties Trustees."

G. UNDERPAYMENTS BY DISNEY ARE EXPOSED AND THE PARTIES ENTER INTO THE 1983 AGREEMENT

59. In the **late 1970s and early 1980s,** Slesinger discovered issues concerning the 1961 Disney Agreement in various ways, including by failing to pay the appropriate share of royalties due Slesinger. Disney had expanded its business without implementing the necessary accounting controls needed to separately and accurately accumulate and report royalties owed to Slesinger and the Pooh Properties Trust. As a result, Disney had failed to report Disney's retail and wholesale sales and had allowed its licensees and foreign offices to commingle their accounting. This "lump sum" reporting practice made it impossible to determine the amount of revenue related to Pooh from the amount of revenue unrelated to Pooh.

60. Further, in contravention of the 1961 Disney Agreement, Disney and its licensees were failing to segregate revenues from products and services based on the Pooh Family of Characters from products and services based on other Disney characters, and under-allocating the share attributable to the Pooh Family of Characters on which Slesinger's share was based.

61. After Slesinger's discovery of Disney's breaches of contract, Slesinger and Disney entered into settlement negotiations.

62. In **1980,** Slesinger representatives met with a Disney Senior Vice President, Vincent H. Jefferds. Jefferds threatened that the copyright in Pooh was in the public domain. Jefferds also threatened that if Slesinger told the Milne Estate about Disney's royalty reporting failures, Jefferds would tell the Milne Estate that Slesinger was making trouble and encourage the Milne Estate to recapture the original 1930s Grant, using a recent provision of the 1976 Copyright Act. Lastly, Jefferds threatened that if Slesinger did not agree to modify the 1961 Disney Agreement by reducing the royalty stream to 2.5% of 50% of retail and wholesale sales across the board on licensing, he would pull all Pooh products

from Disney theme parks. Jefferds said that Disney had a captive audience at the theme parks who would buy whatever he was selling there.

63. Over the next three years, Slesinger, the Pooh Properties Trustees, and Disney discussed the monies due and owed by Disney to the Milne Estate and Slesinger, as well as other issues between them. In the course of these discussions, the parties negotiated a general royalty of 7.5% for all of the items, things, and services commercially exploited. This 7.5% royalty was then split 5% to the Pooh properties Trust and 2.5% to Slesinger. From this 7.5% royalty base, Disney then negotiated discounts for specific items which Disney claimed bore higher costs that could not be deducted. Unless an item was specifically negotiated, there was to be no deduction on the 7.5% royalty base.

64. In **April 1983**, Slesinger entered into an agreement with Walt Disney Productions, the Pooh Properties Trust, the Pooh Properties Trustees, and Christopher R. Milne (the "1983 Agreement"). The 1983 Agreement was drafted primarily by Peter Nolan, an attorney for Disney. A true and correct copy of the 1983 Agreement is attached hereto as **Exhibit 4**. At that time, Disney settled the past disputes concerning money due and owed to Slesinger in a separate release, where Disney warranted that it has made complete disclosures to Slesinger.

65. As a material part of the 1983 Agreement, the Pooh Properties Trustees represented that the Pooh Properties Trust was "the owner of the copyrights to the Pooh Properties and the benefits of the [1930s Grant]."

66. As a material part of the 1983 Agreement, the Pooh Properties Trustees represented that, "[t]o the best of the knowledge of the Trustees, they are the only party that owns the rights granted" to Slesinger "pursuant to the now revoked agreement dated 6 January 1930, as amended from time to time" and "that they have the right to grant such rights."

67. As a material part of the 1983 Agreement, the Pooh Properties Trustees represented and warranted "that they are aware of no other party who

owns said rights and that they have not transferred said rights to any party other than Slesinger."

68. In the 1983 Agreement provides, in part, as follows:

a. The 1930s Grant was revoked and a new grant of rights was made to Slesinger;

b. The 1961 Disney Agreement was revoked and a new grant of rights was made by Slesinger to Disney relating to the Pooh Elements;

c. Disney promised to pay and account properly and separately for royalties derived from exploitation of the Pooh Elements and the Pooh brand;

d. Christopher R. Milne acknowledged that the 1930s Grant to Slesinger could no longer be terminated by him; and

e. Slesinger agreed to decrease its share of the royalties from 4% to a range from 50% of 1.33% to 2.5%, in favor of the Milne family, based upon Disney's promise that it would properly pay what was rightfully due Slesinger.

69. Thus, the 1983 Agreement consisted of two agreements: a grant to Slesinger and then a license from Slesinger to Disney.

70. Consistent with the royalty arrangement described above, Disney and the Pooh Properties Trustees entered into an amendment to the 1961 Milne Agreement, dated March 31, 1983 (the "1983 Trustees Amendment"), which increased the royalty percentage payable to the Pooh Properties Trustees by Disney from 2.5% to a range of 50% of 2.67% to 5%.

71. Under paragraph 10 of the 1983 Agreement, the basis for computing royalty amounts payable to Slesinger is the gross amounts actually received by Disney, an affiliated company, or any person or party in its behalf, from the manufacture, publication, sale, and/or other commercialization anywhere in the

world and/or from the lease or license to manufacture, publish, sell and/or otherwise commercially to exploit anywhere in the world on any and all items, things, or services "which employ or use or which are taken from or which are based upon any of the characters, material or titles of the work or any part thereof, and/or which employ or use or are taken from or based upon any of the characters, material or title(s) of any of Disney's motion picture, television or other versions, adaptations or treatments of the work or any part thereof," subject to specified exceptions.

72. A **March 20, 1984** letter from Michael Brown, a Trustee, to Slesinger confirms that the Trustees and Slesinger will always share anything from Disney according to a two-third/one-third split.

H. DESPITE ITS PROMISES AND AGREEMENTS, DISNEY CONTINUES TO UNDERPAY SLESINGER AFTER THE 1983 AGREEMENT

73. Although it had been caught underpaying royalties on the Pooh Family of Characters and had promised to properly account for and pay royalties in the future, Disney almost immediately began cheating again and underpaying Slesinger.

74. Beginning in **1989**, inconsistencies in Disney's royalty statements and representations arose when Disney stopped reporting previously reported items, things and services. Thereafter, Slesinger discovered that Disney had continued to permit commingling and under-reporting and was conducting business without the necessary accounting controls.

75. In **1991**, Slesinger filed suit in California state court against Disney (the "1991 State Court Action"). In **March, 2004**, the 1991 State Court Action was dismissed by court order. (The judgment dismissing the 1991 State Court Action is currently on appeal.)

76. There was no final adjudication of the merits in the 1991 State Court Action and the 1991 State Court Action does not preclude the claims herein stated.

77. Disney continued and is continuing its under-reporting of amounts owed to Slesinger.

I. DISNEY IMPROPERLY USES THE COPYRIGHT ACT TO ATTEMPT TO CUT OFF SLESINGER'S RIGHTS

78. Upon information and belief, Clare Milne is the sole grandchild of Milne. Upon further information and belief, Clare Milne is disabled since birth and her affairs are managed by an appointed receiver.

79. Upon information and belief, the receiver for Clare Milne for many years was Michael Brown ("Brown"). Upon information and belief, Michael Brown was succeeded in 2002 as Clare Milne's receiver by Michael Joseph Coyne ("Coyne"), a partner in Brown's law firm. The acts attributed to Clare Milne were performed by and through her then-appointed receiver, either Brown or Coyne.

80. By **1997**, Disney had entered into negotiations with Michael Brown (who was then serving as Clare Milne's receiver, as well as Trustee and attorney for the Pooh Properties Trustees) to try to cut off Slesinger's rights in and to the Pooh Elements and to its royalty payments under the 1983 Agreement.

81. One result of these negotiations was a **March 6, 2001** Assignment of Copyright and Ancillary Rights in the Pooh Elements (the "2001Buyout Agreement"). The parties to the Buyout Agreement included, but were not limited to, Disney, the Pooh Properties Trustees, Clare Milne, and Hunt.

82. The 2001 Buyout Agreement was produced by Disney in this Action as a confidential document, subject to the terms of a protective order. Slesinger is limited as to its public allegations concerning the 2001 Buyout Agreement.

83. By the 2001 Buyout Agreement, the Pooh Properties Trustees, Clare Milne, and Hunt, among others (collectively, the "Assignors") assigned to Disney all their intellectual property rights in the Pooh Elements and the sole and exclusive right to use, market, distribute, or otherwise exploit the Pooh Elements. The Assignors kept certain rights for themselves, including, but not limited to,

existing publishing arrangements and the benefit of all contracts not assigned to Disney (the "Reserved Rights").

84. Yet Disney was not satisfied with getting these rights from the Assignors, and attempted to terminate its obligations to Slesinger. The 2001 Buyout Agreement and its related transactions were part of a scheme by Disney to stop paying any royalties to Slesinger and to strip Slesinger of its rights, thereby gaining an advantage in the then-pending State Court Action.

85. The Sonny Bono Copyright Act only permits certain rights under the United States Copyright Act to be recaptured by certain qualified heirs. In connection with Disney's termination scheme, Disney knew that these rights were not a material part of the rights granted by Slesinger to Disney under the 1983 Agreement. Yet Disney sought to use the Sonny Bono Copyright Act to obtain all of Slesinger's rights under the 1983 Agreement. Disney engaged in this scheme by manipulating Clare Milne and Hunt to seek to recapture rights from Slesinger and by seeking to terminate the 1983 Agreement as a matter of law.

86. In its **May 2002** Securities and Exchange Commission ("SEC") 10-Q filing Disney admitted that, "if each of [Slesinger's] claims were to be confirmed in a final judgment, damages as argued by the plaintiff could total as much as several hundred million dollars and adversely impact the value to [Disney] of any future exploitation of the licensed rights." The May 2002 Form 10-Q disclosure resulted in a substantial decline in Disney's stock price: almost 25% over the next three months.

87. Disney reiterated this admission in its 2002 SEC Form 10-K filing. Disney's 2002 SEC Form 10-K filing also stated that there were ten class action lawsuits against Disney for failing to disclose "the pendency and potential implications of the [State Court Action] prior to [Disney's] filing of its quarterly report on Form 10-Q in May 2002. The plaintiffs claim that this alleged

nondisclosure constituted a fraud on the market that artificially inflated [Disney's] stock price."

88. In order to improve its position with investors, Disney induced Clare Milne and Hunt to serve notices of termination ("Termination Notices") allegedly pursuant to 17 U.S.C. § 304(d) and purportedly to terminate Slesinger's rights under the United States Copyright Act in specific Pooh Books.

89. Disney induced Clare Milne and Hunt to serve the Termination Notices. Disney acted with the assistance of Brown, a Trustee of and legal counsel to the Pooh Properties Trust who was working as a dual agent paid by Disney.

90. On **November 1, 2002,** Clare Milne, through her Receiver, and Hunt entered into an agreement whereby Hunt authorized Clare Milne to enter into a reversion agreement with Disney, conveying to Disney the rights to be recaptured from Slesinger pursuant to the purported Termination Notices, and Clare Milne agreed to pay 15% of the net amount of any payments she receives from Disney pursuant to such reversion agreement.

91. On **November 4, 2002**, Clare Milne and Hunt, by and through their respective agent in California, each purported to serve a Termination Notice on Slesinger. These Termination Notices are invalid and are the subject of Disney's affirmative claims in this Action.

92. In an agreement dated **November 4, 2002,** Disney, Clare Milne, by and through Coyne as her receiver, and Coyne in his individual capacity, entered into an agreement (the "Milne Reversion Agreement") under which Clare Milne purported to grant Disney certain rights. A true and correct copy of the Milne Reversion Agreement is attached hereto as **Exhibit 5**.

93. In the Milne Reversion Agreement, Clare Milne purported to grant Disney rights allegedly terminated by the Milne Notice in the United States effective on **November 5, 2004** (the "Grantor Reverted Rights"). The Grantor

Reverted Rights are not defined anywhere in the Milne Reversion Agreement.

94. Clare Milne further purported to grant Disney certain Additional Rights. In contrast to the vague description of the Grantor Reverted Rights, the Additional Rights are described in great detail. Slesinger hereby directs the Court to the language of Paragraph 2.1.2 of the Milne Reversion Agreement (**Exhibit 5**).

95. The term "Additional Rights" does not describe rights that could be recaptured under the Sonny Bono Copyright Act. However, the term "Additional Rights" defines Slesinger's rights because the Assignors had transferred all other rights to Disney under the 2001 Buyout Agreement. Given the ambiguity as to the scope of the "Additional Rights," this Court should declare the transfer of these rights has not been effected and that Slesinger retains these Additional Rights.

96. Under the Reversion Agreement, Clare Milne was contractually obligated to take steps requested by Disney in connection with attempting to terminate Slesinger's rights, as long as Disney paid her, indemnified her, and paid all of her costs in any litigation involving Slesinger. In executing and serving the Termination Notices, Clare Milne was acting solely at Disney's behest.

97. On **November 4, 2002,** Hunt irrevocably assigned to Disney all rights in United States and its territories "that I may possess" on **November 5, 2004** in and to the Pooh Elements (the "Hunt Assignment"). However, Hunt explicitly did not warrant or represent that she will possess any of the rights purportedly assigned as of **November 5, 2004**.

98. This Court has already held that the Milne Notice is invalid as a matter of law. The Ninth Circuit has affirmed the holding, and the U.S. Supreme Court in **June 2006** denied Milne's writ of petition for certiorari.

J. THE POOH BRAND IS CRITICAL TO DISNEY'S BUSINESS

99. Winnie-the-Pooh is a significant piece of Disney's business. The Pooh Family of Characters generate at least as much annual revenue for Disney's Consumer Products Division as does Mickey Mouse. According to the Disney

web site, the Pooh Family of Characters are in every business segment of the company (Consumer Products, Parks & Resorts, Studio Entertainment, Media Networks, and Corporate). Studio Entertainment develops characters and stories via movies, television, and music, and distributes these products and services; the Parks & Resorts Group allows a direct interaction with the characters and stories through its function as a vacation destination; Consumer Products licenses intellectual property to various manufacturers and distributors of apparel, toys, and other goods, while also selling these items, things, and services through its own outlets; Media Networks uses television and radio network ownership for display of and advertising revenue based on the characters and stories; and Corporate manages these enterprises, strategic alliances, revenue shifting, and deferral of royalty bearing revenues, and the relationship with shareholders.

100. Stock market analysts have indicated that "Any positive announcements regarding the Winnie the Pooh litigation [with Slesinger]... will lead to an increase" in the overall valuation of Disney.

101. On **November 5, 2002,** the day after the service of the Termination Notices, Disney caused the media to report on the alleged effect of the Termination Notices on Slesinger's rights. Disney falsely represented to the press that, based on the Termination Notices, the Slesingers were "out" with respect to Winnie-the-Pooh after **November 2004.**

102. The Disney executive team – Bob Iger, Tom Staggs, Peter Murphy, and Lou Meisinger – knew at the time that the above statement was false and misleading and that the Termination Notices were invalid, and, even if they were valid, they would not eradicate Slesinger's full entitlement to continuing royalties. Disney's press statements were intended to give Disney shareholders a false sense of security of Disney's rights to use the Pooh Family of Characters and the Pooh Brand.

103. News regarding Winnie-the-Pooh dramatically affects Disney's stock price. The day after Disney's **November 5, 2004** press statements that falsely announced that the Slesingers "are out" after **November 2004**, Disney's stock price rose by $1.02 from $17.03 to $18.05, or about 6%.

K. DISNEY'S IMPROPER ROYALTY STATEMENTS

104. Pursuant to its practices since 1983, Disney has paid Slesinger twice a year purportedly for monies owed under the 1983 Agreement. Yet, during the relevant time period of this Federal Action, Disney has failed to pay Slesinger pursuant to the terms of the 1983 Agreement.

105. For example, in **May of 2006**, Disney sent the royalty statement for the period ended **March 31, 2006** (the "March 31, 2006 Statement") The royalty paid by Disney to Slesinger based on the March 31, 2006 Statement was approximately 9% lower than the immediately prior period. This lower royalty payment occurred even though during the period ending **March 31, 2006**, Disney was heavily promoting Winnie-the-Pooh's 80th birthday celebration and opened a theme park in Hong Kong featuring Pooh products and services. Rather than decreasing, the income to Disney regarding the Pooh Brand has, in fact, been increasing, and Disney has knowingly failed to pay Slesinger its share thereof.

106. In Asia, with one of the fastest growing populations in the world, the Pooh Brand has become particularly popular. However, this popularity is not reflected on Disney's royalty statements to Slesinger. As will be established at trial, Disney continues to evade its obligations to pay Slesinger for the use of authorized rights and to misappropriate Slesinger's rights in the Pooh Elements in Asia as Disney has done historically throughout the rest of the world.

///

///

V. **CLAIMS FOR RELIEF**

FIRST CLAIM FOR RELIEF

INFRINGEMENT OF RIGHTS

UNDER THE UNITED STATES COPYRIGHT ACT

107. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

108. Among other rights, Slesinger is a grantee of a copyright owner, Pooh Properties Trust, and its predecessors in title, for certain exclusive rights in and to the Pooh Elements in the United States of America and its insular possessions for and during the respective periods of copyright and of any copyright renewals. Slesinger can seek redress for infringement of its rights under the United States Copyright Act in and to the Pooh Elements.

109. The 1930s Grant, the 1983 Agreement, and the substantial work performed by Slesinger from 1930 through the mid-1960's established the scope of Slesinger's rights in the Pooh Family of Characters and the Pooh Brand.

110. Based on express representations and warranties of first Milne, then Dorothy Daphne Milne and the Milne Estate, and then the Pooh Properties Trust and the Trustees thereof, each of them, in chronological sequence, was the owner of the copyrights to the Pooh Elements and the benefits of the 1930s Grant.

111. Based on express representations and warranties of Milne, Dorothy Daphne Milne, the Milne Estate, the Pooh Properties Trust, and the Pooh Properties Trustees, each of them in chronological sequence was then the only party that owned rights granted to Slesinger and had the right to grant such rights.

112. Based on express representations and warranties of Milne, Dorothy Daphne Milne, the Milne Estate, the Pooh Properties Trust, and the Pooh Properties Trustees, each of them in chronological sequence was aware of no other party who owned said rights and had not transferred said rights to any party other than Slesinger.

113. At the time the Termination Notices were executed and served, Disney knew that, by and through their predecessors in interest, Clare Milne and Hunt had acknowledged Slesinger's rights as set forth in paragraphs 115 through 117, above.

114. At the time the Termination Notices were executed and served, Disney knew that neither Clare Milne nor Hunt had a right to terminate.

115. At the time the Termination Notices were executed and served, Disney knew that Clare Milne and Hunt were committing acts that infringed on Slesinger's rights under the United States Copyright Act.

116. Though the 1983 Agreement involved the grants of many rights other than rights under the United States Copyright Act, Disney, Clare Milne (through her receiver, Coyne), and Hunt knowingly participated in an orchestrated plan to create the illusion that the 1983 Agreement could be terminated under the United States Copyright Act.

117. By executing and serving the Termination Notices, Disney, Clare Milne (through her receiver, Coyne), and Hunt participated in a scheme intended to destroy Slesinger's rights in and to the Pooh Elements and to receive benefits at Slesinger's expense.

118. Disney has committed additional acts of copyright infringement. The 1983 Agreement conveys to Disney only those rights which are specifically set forth therein. Slesinger retained all rights not expressly included in the rights granted to Disney in the 1983 Agreement.

119. Disney's uses of Slesinger's rights under the United States Copyright Act may not exceed the scope of the grant provided by the 1983 Agreement.

120. Disney has been exploiting the Pooh Family of Characters and the Pooh Brand in mediums to which it did not receive rights under the 1983 Agreement. As a result, Disney has been infringing Slesinger's rights under the United States Copyright Act.

121. Disney's uses of Slesinger's rights under the United States Copyright Act beyond the express grants of the 1983 Agreement constitutes infringement of Slesinger's rights under the United States Copyright Act.

122. As a direct and proximate result of Disney's copyright infringement, Slesinger has been damaged within the meaning of 17 U.S.C. § 504(b) in an amount according to proof.

123. Slesinger has been damaged in an amount according to proof or in the statutory amount.

124. As a further proximate result of the infringement, Slesinger is informed and believes that Disney has been unjustly enriched as a result of the infringement of Slesinger's rights under the United States Copyright Act. The amount of this unjust enrichment cannot presently be ascertained, but will be proven at trial.

WHEREFORE, Slesinger prays for relief as set forth herein.

SECOND CLAIM FOR RELIEF

TRADEMARK INFRINGEMENT

125. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

126. Among other rights, Slesinger is an owner of rights in and to the Pooh trademarks in the United States of America and its insular possessions (the "Slesinger Trademark Rights"). The 1930s Grant, the 1983 Agreement, and the substantial work performed by Slesinger from 1930 through the mid-1960's established both that Slesinger has the right to secure trademarks for the Pooh Family of Characters and the respective fabrics, things and materials sold and the scope of Slesinger's Trademark Rights in the Pooh Family of Characters and the Pooh Brand.

127. Pursuant to the 1930s Grant, Slesinger received rights to the Pooh Elements, including the title, characters, drawings and illustrations therein.

128. Slesinger has valid protectable trademarks in "Winnie the Pooh," "Pooh," and "Christopher Robin" and has used these trademarks since the 1930s.

129. Slesinger can enforce any infringement of trademark rights in and to the Pooh Elements, including the title, characters, drawings and illustrations therein.

130. The 1983 Agreement established the scope of Disney's grant to use Slesinger's Trademark Rights. All use by Disney has been pursuant to a license. Slesinger licensed trademark rights to Disney because it knew of Disney's reputation and ability to ensure quality products and services. Slesinger relied on Disney's expertise in quality control.

131. By virtue of the 1983 Agreement, Disney implicitly acknowledged that Slesinger had trademark rights and that Disney wanted to license those rights.

132. Disney has been exploiting the Pooh Family of Characters in mediums to which it did not receive rights under the 1983 Agreement. Disney has been diluting Slesinger's Trademark Rights without permission and in violation of its Trademark Rights. These mediums include, but are not limited to: Internet use, wireless use, advertising uses, credit cards, ringtones on mobile phones, greeting cards, computer graphics, Internet computer games, computer screen savers, computer wallpapers, character meals, convention services (such as the "Tigger Award"), magazines, multi-media kits, and other products and services.

133. Disney's unauthorized use in the last four years has created confusion in the marketplace about the source of the marks.

134. Disney has violated Section 43(a) of the Lanham Act, 15 U.S.C. § 1125, and the common law.

135. Disney's intentional and willful unauthorized uses of Slesinger's Trademark Rights in connection with the sale, offering for sale, or distribution of goods, entitles Slesinger to treble profits or damages, whichever is greater,

together with reasonable attorney's fees and prejudgment interest, according to proof at the time of trial.

136. Disney's actions have been willful and malicious.

137. As a licensee of certain of Slesinger's Trademark Rights, Disney's use of these rights inures to the benefit of Slesinger. Accordingly, any registrations improperly obtained by Disney regarding the Slesinger Trademark Rights belong to Slesinger. Slesinger therefore seeks a declaration from this Court ordering the United States Patent and Trademark Office to correct the title of any such trademark registrations to Slesinger.

WHEREFORE, Slesinger prays for relief as set forth herein.

THIRD CLAIM FOR RELIEF

TRADE DRESS INFRINGEMENT

138. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

139. A product or service's "trade dress" is its total image and overall appearance; it includes a variety of elements in which a product is packaged or service is presented, such as size, shape, color, color combinations, texture, or graphics; the displays attending products or services; and even the decor or environment is which a product or service is provided. Trade dress includes the distinctive colors, packaging, or design of a product or service that promotes the product or service and distinguishes it from other products or services in the marketplace.

140. Slesinger created a distinct trade dress for the Pooh Brand, including the size, shape and color of the Pooh Family of Characters so that the bear, donkey pig, tiger, kangaroo, tiger, owl and rabbit that form the Pooh Family of Characters are instantly recognizable and identifiable as the Pooh Family of Characters. The Slesinger trade dress in the Pooh Brand possess inherent distinctiveness and/or has obtained secondary meaning, particularly through the use of "Classic Pooh."

141. Further, Slesinger's trade dress for its classic children campaigns involve distinctive colors, packaging, and design of the Pooh Family of Characters and scenes which are used to promote Pooh products, services and displays. The concepts for department store displays, Pooh corners, the use of certain types of props, and the overall color of the displays, packaging, and designs, with simplified light lines, pastel tones, signature pastel tones of yellow for Pooh and the slightly faded softer treatment to the characters which Slesinger used to promote and sell products and services in the marketplace and to promote items are immediately distinguishable from other products in the marketplace. Even the decor and environment Slesinger developed and Disney later adopted, in which Disney's licensed products and services are part of the trade dress created by Slesinger during the 35 years prior to the first Disney Pooh movie.

142. Disney's unauthorized use and misuse of the Pooh Family of Characters and its recent introduction of a new female character into the Pooh Family of Characters has led to confusion and will continue to lead to further confusion about Slesinger's trade dress. Disney's actions are a violation of Slesinger's trade dress rights. The confusion is compounded by Disney's false statements to the public that it is the company responsible for Winnie-the-Pooh's shape and red shirt. In fact, it was Slesinger, not Disney, that created the distinct look of Winnie-the-Pooh's shape and his red shirt.

143. Over the last four years, as a result of Disney's unauthorized use of Slesinger's trade dress in the Pooh Family of Characters, Slesinger has been damaged in an amount to be proven at trial.

WHEREFORE, Slesinger prays for relief as set forth herein.

FOURTH CLAIM FOR RELIEF

BREACH OF CONTRACT

144. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

145. By way of this Fourth Claim for Relief, Slesinger is not asserting any claims which it is estopped from bringing due to the 1991 State Court Action.

146. Pursuant to the 1983 Agreement, Slesinger has performed all conditions, covenants and promises required on its part to be performed in accordance with the terms and conditions of the 1983 Agreement.

147. During the relevant time, Disney has committed material breaches of the 1983 Agreement by failing to properly accumulate, calculate and pay royalties based upon gross amounts actually received by Disney, an affiliated company, or by any person or party in its behalf.

148. Pursuant to paragraphs 10(a) and 10(b)(3), Disney is required to report transactions on each sale by Disney, an affiliated company, or by any person or party in its behalf. Further, Disney is required to calculate the royalty by multiplying the actual sales price (or actual gross amounts) times the 2.5% royalty without deduction, or times the applicable discounted royalty percentage in paragraph 10(b)(3)(ii), (iii), (iv), and (v).

149. Pursuant to paragraph 10(b)(3)(v), the applicable royalty percentage is 1.33% of 50% of the actual retail sales prices for certain sales by Disney and its affiliates. This discount, which Disney specifically negotiated, was designed to permit Disney to take 50% only for the purpose of offsetting the wholesale sale.

150. Disney negotiated the discounted royalty percentage because Disney acknowledged that no deductions were permitted to be taken from the gross. Because the 1983 Agreement required Disney to report 100% of the actual gross amount, Disney wanted to pay a discounted royalty percentage.

151. For example, if an article is sold at wholesale for $10 by a Disney entity or authorized party to a Disney retailer, who then sells that same article at retail for $20, there are two royalty bearing revenue streams. As explained in 1983 by Disney representatives, wholesale sales always occur before the retail sales and approximate 50% of retail sale prices. The Disney representatives said

that if Disney paid Slesinger a royalty on the $10 wholesale sale and then a royalty on the $20 retail sale, Disney would be paying a royalty based on $30 for an item which only sold at retail for $20. As a result, Slesinger agreed that Disney would be permitted a 50% allowance for these specific retail sales.

152. Disney is deducting more than 50% from the retail sales and is not reporting all of the wholesale sales which precede the retail sale.

153. Pursuant to paragraph 12 of the 1983 Agreement, Disney is failing to report transactions to Slesinger within the six month reporting period. Each semi-annual royalty statement must show "the amounts which become payable during the preceding half [year] and showing how said amounts were computed." Disney is failing to timely report the transaction, by shifting the transaction into various financings and other costs (e.g., irrevocable advances and guarantees).

154. Pursuant to paragraph 3 of a side letter signed by Disney executive, Vince Jefferds, and delivered in **April, 1983** (the "April 1983 Side Letter"), Disney agreed to continue selling at retail and to notify Slesinger and the Pooh Properties Trustees if Disney intended to cease such retail sales (and thereafter renegotiate). Within the past three years, Disney has ceased retail sales without notification and without good faith renegotiation, all in contravention of the April 1983 Side Letter.

155. Slesinger is informed and believes that Disney is calculating and reporting royalties, in whole or in part, not in accordance with the 1983 Agreement but pursuant to the terms of the Milne Reversion Agreement. The Milne Reversion Agreement contains language that narrows and limits Disney's royalty obligation under the 1983 Agreement. For example, the Milne Reversion Agreement uses the words "gross received, retained and irrevocably earned"; the 1983 Agreement uses the words "gross received."

156. To avoid proper royalties to Slesinger, Disney has engaged in revenue stream shifting and other financial dealings, including, but not limited to:

a. Exchanges of values in strategic alliances and not reporting or paying royalties on such exchanges;

b. Exchanges of values to Disney "partners" who are "in behalf of" parties (e.g., Oriental Land Company for Tokyo Disney, and the Hong Kong Government for Hong Kong Disney);

c. Converting revenues or anticipated revenues from Pooh Family of Characters to loan guarantees;

d. Inter-Disney corporate relations; and

e. Has structured its accounting practices not to retain records with sufficient detail based on accumulated and actual gross revenues generated by Disney, Disney affiliates, and global authorized parties.

157. Disney has also attempted to terminate the 1983 Agreement by negotiating and entering into agreements with Clare Milne (through her receiver) and Hunt resulting in the execution and service of the Termination Notices. Further, Disney used the execution and service by Clare Milne (through her receiver) and Hunt of the Termination Notices to try to counter the negative effect on the public markets for Disney securities as a result of rulings in the 1991 State Court Action that were materially adverse to Disney.

158. As a result of Disney's material breaches, Slesinger has been damaged. Because of Disney's actions, Slesinger does not know the exact amount of damage, but will prove the amount at trial after discovery.

WHEREFORE, Slesinger prays for relief as set forth herein.

FIFTH CLAIM FOR RELIEF

BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING

159. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

160. By way of this Fifth Claim for Relief, Slesinger is not asserting any claims which it is estopped from bringing due to the 1991 State Court Action.

161. Implied in the 1983 Agreement was a covenant by Disney that Disney would act in good faith and deal fairly with Slesinger and would do nothing to deprive Slesinger of the benefits of the 1983 Agreement.

162. Slesinger has performed all conditions, covenants and promises required on its part to be performed in accordance with the terms and conditions of the 1983 Agreement.

163. Disney has breached the implied covenant of good faith and fair dealing in the 1983 Agreement by failing to pay the proper royalties to Slesinger and additional acts in breach.

164. Contrary to the implied covenant of good faith and fair dealing, Disney has been and continues to try to dilute Slesinger's intellectual property rights and destroy its rights under the 1983 Agreement.

165. Despite its attempts to terminate the 1983 Agreement, Disney knew the 1983 Agreement was not subject to termination under the United States Copyright Act. Even though the 1983 Agreement involved the grants of rights other than rights under copyright, Disney orchestrated a plan to create the appearance that the 1983 Agreement could be terminated under the United States Copyright Act.

166. By inducing Clare Milne, by and through Coyne as her Receiver, and Hunt to serve the Termination Notices, Disney undertook a scheme intended to destroy Slesinger's rights (a) in and to the Pooh Brand, and (b) to receive royalties. Disney paid substantial funds under the 2001 Buyout Agreement and, under an indemnification provision of the Milne Reversion Agreement, has paid attorney's fees for Clare Milne and Hunt in this Action.

167. Further, Disney has used the funds otherwise payable to Slesinger to leverage its other business segments. For example, instead of paying funds owing

to Slesinger, Disney has commingled and converted the equivalent sums and used them to finance its Asian expansion and to reduce its debt. Because the royalty payable to Slesinger is based on all commercial exploitation (with minor exceptions), and because Disney conducts its business internationally, the consideration on which the royalty is based is dispersed among multiple revenue streams, multiple business segments, and multiple sub-licensees.

168. Finally, Disney has committed material breaches of the implied covenant of good faith and fair dealing in the 1983 Agreement by acquiring the Milne and Hunt interests in order to create the appearance to Disney shareholders that Disney could terminate Slesinger's rights in the 1983 Agreement.

169. Disney breached the implied covenant of good faith and fair dealing contained in the 1983 Agreement.

170. As a result of Disney's breach, Slesinger has been damaged. Because of Disney's actions, Slesinger does not know the exact amount of damage, but will prove the amount at trial after discovery.

WHEREFORE, Slesinger prays for relief as set forth herein.

SIXTH CLAIM FOR RELIEF

FRAUD

171. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

172. By way of this Sixth Claim for Relief, Slesinger is not asserting any claims which it is estopped from bringing due to the 1991 State Court Action.

173. Since the signing of the 1983 Agreement, Disney has engaged in fraudulent conduct. Disney knows that the royalty statements it has provided to Slesinger are false. When Disney presents the royalty statements to Slesinger, Disney is making an implied statement that all gross revenues from the commercialization of the Pooh Elements were properly reported and paid by Disney, its affiliates, and in behalf of parties.

174. Disney has provided Slesinger with knowingly false statements with the intention that Slesinger rely on them. Slesinger has relied on the royalty statements to its detriment because it realistically has no way to independent verify the amounts stated in the statements.

175. Disney made representations regarding the accuracy and truthfulness of the royalty statements with the intent to deprive Slesinger of royalties and in conscious disregard of Slesinger' rights.

176. Though Slesinger has expended substantial effort to discover the truth, it has encountered great difficulties because of Disney's refusal to cooperate with audits and to provide complete information regarding accounting issues. Discovery by Slesinger also has been affected by Disney's historical destruction of records and Disney's inadequate accounting systems .

177. The aforementioned acts were done maliciously, oppressively, and with intent to defraud, and Slesinger is entitled to punitive and exemplary damages in an amount to be shown according to proof at the time of trial.

WHEREFORE, Slesinger prays for relief as set forth herein.

SEVENTH CLAIM FOR RELIEF

DECLARATORY RELIEF AS TO THE 1983 AGREEMENT

178. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

179. A justiciable controversy exists between Slesinger and Disney with respect to the parties respective rights and obligations under the 1983 Agreement as a result of Disney's material breaches of the 1983 Agreement.

180. As a result, Slesinger seeks a declaration as follows:

a. The grant of rights to Disney contained in the 1983 Agreement is terminated and without legal effect.

b. The effect of the termination of the grant of rights to Disney contained in the 1983 Agreement is as follows:

(i) All of Disney's rights in and to the Pooh Elements are terminated.

(ii) All of the rights described in the 1983 Agreement shall revert to Slesinger, including, but not limited to:

(a) The sole and exclusive United States and Canadian rights for radio, television and other broadcasting,

(b) The sole and exclusive United States and Canadian rights for merchandising,

(c) Recording rights,

(d) The sole and exclusive United States and Canadian rights for third-party licensing, and

(e) The sole and exclusive United States and Canadian rights for future sound, word, and picture technology rights.

c. The transfer of the Additional Rights described in the Milne Reversion Agreement has not been effected and that Slesinger retains these Additional Rights.

181. A judicial declaration is necessary and appropriate at this time in order that Slesinger may ascertain its rights and duties with respect to the 1983 Agreement.

WHEREFORE, Slesinger prays for relief as set forth herein.

EIGHTH CLAIM FOR RELIEF

DECLARATORY RELIEF RE INVALIDITY OF HUNT TERMINATION NOTICE

182. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

183. The Termination Notice allegedly served by Hunt on or about **November 4, 2002** is void and legally ineffective, and Slesinger seeks a declaration from the Court to that effect, because: (a) the Termination Notice has failed to comply with the requirements of the United States Copyright Act as to identification of the grants purportedly terminated and of the works allegedly covered by such Termination Notice; and/or because (b) Slesinger's rights at issue are not encompassed by the grants purportedly identified in such Termination Notice but are included in other agreements or were otherwise obtained by Slesinger, including but not limited to, by virtue of agreements, consents, or by operation of law; and/or (c) neither Clare Milne, Disney, nor Hunt has established that Ernest H. Shepard was an author of the works identified in the Termination Notice or possessed any rights under copyrights in such works.

WHEREFORE, Slesinger prays for relief as set forth herein.

NINTH CLAIM FOR RELIEF

DECLARATORY RELIEF RE INVALIDITY OF THE REVERSION AGREEMENT

184. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

185. Slesinger has denied and continues to deny the validity of the Hunt Termination Notice.

186. The original grantee under the 1930s Grant was Stephen Slesinger and his successor, Slesinger. The only successor in title of Stephen Slesinger to the rights granted under the 1930s Grant was and is Slesinger.

187. Because Section 304(c)(6)(D) guarantees to the "original grantee" or its "successor in title" the exclusive right to enter into an agreement to make a further grant of rights terminated under Section 304 of the United States Copyright Act in the two-year period between service of the Termination Notices and their effective date, because Disney is neither the "original grantee" nor the "successor

in title," and because the Reversion Agreement is a purported grant, as distinguished from an agreement to make a further grant, the Reversion Agreement is void *ab initio* and Slesinger seeks a declaration from the Court to that effect.

WHEREFORE, Slesinger prays for relief as set forth herein.

TENTH CLAIM FOR RELIEF

INJUNCTIVE RELIEF

188. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

189. Disney has been engaged in a pattern of unfair competition, material breaches of the 1983 Agreement, and fraud, which has injured and continues to injure Slesinger.

190. Slesinger has no plain, adequate, speedy or complete remedy at law to address the wrongs alleged.

191. Slesinger will suffer great and irreparable harm if Disney's wrongful, unlawful and unfair conduct continues, and only injunctive relief can prevent the same. If not so restrained, Disney's wrongful conduct will continue, causing further irreparable injury to Slesinger.

192. Slesinger seeks an order enjoining and restraining Disney from engaging in unauthorized uses, distribution, or exploitation of the Pooh Family of Characters or the Pooh Elements outside the grant in the 1983 Agreement.

WHEREFORE, Slesinger prays for relief as set forth herein.

ELEVENTH CLAIM FOR RELIEF

LIMITED SCOPE OF HUNT TERMINATION NOTICE

193. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

194. Disney seeks a declaration from this Court that, as a result of the Hunt Termination Notice, the 1983 Agreement between Slesinger and Disney

terminated as a matter of law on **November 4, 2004**, and Disney is not required to pay Slesinger royalties under the 1983 Agreement after that date.

195. If the Hunt Termination Notice were adjudged to be valid, any termination by Hunt pursuant to § 304(d) of the United States Copyright Act would not have any effect on the 1983 Agreement.

196. Moreover, if the Hunt Termination Notice were adjudged to be valid, Disney's royalty obligations to Slesinger under the 1983 Agreement, under legal and equitable principles, will remain in force notwithstanding the Hunt Termination Notice.

WHEREFORE, Slesinger prays for relief as set forth herein.

TWELFTH CLAIM FOR RELIEF

VIOLATION OF CALIFORNIA BUSINESS

AND PROFESSION CODE § 17200 et seq.

AND UNFAIR COMPETITION

197. Slesinger incorporates by reference each of the paragraphs set forth above as though fully set forth hereunder.

198. Disney induced Hunt and Coyne (purportedly acting on Milne's behalf) each to serve Termination Notices upon Slesinger and thereafter entered into the Reversion Agreements with Milne and Hunt.

199. These aforementioned actions were calculated by Disney to destroy Slesinger's rights and interest under the 1983 Agreement and thereby evade Disney's royalty obligations to Slesinger.

200. Whether or not the Hunt Termination Notice is invalid, Disney's actions constitute an unlawful and unfair business practice within the meaning of California Business and Profession Code § 17200 *et seq.*

201. Whether or not the Hunt Termination Notice is invalid, Disney's actions constitute unfair competition under the common law.

202. This Court should use its equitable powers to declare that the grant of rights to Disney contained in the 1983 Agreement is terminated and without legal effect. The effect of the termination of the grant of rights to Disney contained in the 1983 Agreement would be as follows:

a. All of Disney's rights in and to the Pooh Elements are terminated.

b. All of the rights described in the 1983 Agreement shall revert to Slesinger, including, but not limited to:

(i) The sole and exclusive U.S. Canadian rights for radio, television and other broadcasting,

(ii) Merchandising rights,

(iii) Recording rights, and

(iv) Third-party licensing rights.

204. If this Court uses its equitable powers to declare that the grant of rights to Disney contained in the 1983 Agreement is terminated and without legal effect, then the effect of the termination of the grant of rights to Disney contained in the 1983 Agreement also would be as follows:

a. Restitution from Disney of Slesinger's interest in the Pooh Elements; and

b. A permanent injunction against Disney prohibiting Disney from exploiting the Pooh Elements if Disney does not compensate Slesinger and from taking any action that would destroy, injure, or otherwise impair Slesinger's rights and interest in the Pooh Elements.

WHEREFORE, Slesinger prays for relief as set forth herein.

PRAYER FOR RELIEF

Wherefore, Slesinger prays for relief as follows:

1. Compensatory and general damages in excess of **Two Billion Dollars**, the exact amount according to proof;

2. Special damages according to proof;

3. The profits of Disney that are attributable to Disney's acts of infringement, and/or a reasonable royalty, according to proof;

4. A declaratory judgment adjudging and declaring that:

a. The grant of rights to Disney contained in the 1983 Agreement is terminated and without legal effect.

b. The effect of the termination of the grant of rights to Disney contained in the 1983 Agreement is as follows:

(i) All of Disney's rights in and to the Pooh Elements are terminated.

(ii) All of the rights described in the 1983 Agreement shall revert to Slesinger, including, but not limited to:

(a) The sole and exclusive United States and Canadian rights for radio, television and other broadcasting,

(b) The sole and exclusive United States and Canadian rights for merchandising,

(c) Recording rights,

(d) The sole and exclusive United States and Canadian rights for third-party licensing, and

(e) The sole and exclusive United States and Canadian rights for future sound, word, and picture technology rights.

c. The transfer of the Additional Rights described in the Milne Reversion Agreement has not been effected and that Slesinger retains these Additional Rights.

5. A preliminary and permanent injunction enjoining and restraining Disney from engaging in any unauthorized uses, distribution, or exploitation of the Pooh Family of Characters or the Pooh Elements.

6. Punitive damages due to Disney's fraudulent conduct.

7. The imposition of a constructive trust on the amounts Disney has underpaid Slesinger according to Disney's obligations under the 1983 Agreement.

8. The imposition of a constructive trust on Disney of the amounts owed Slesinger according to Disney's royalty obligations under the 1983 Agreement, which Disney used as leverage to benefit its various business segments and profit centers, both in the United States and in foreign countries.

9. If the Hunt Termination Notice is adjudged valid, a declaration that any termination by Hunt pursuant to § 304(d) of the United States Copyright Act:

a. could only affect rights under United States copyright granted thereunder as set forth in § 304 of the United States Copyright Act; and

b. would not have any effect on Disney's royalty obligations to Slesinger under the 1983 Agreement and that such royalty obligations, under legal and equitable principles, will remain in force notwithstanding the Hunt Termination Notice.

10. If the Hunt Termination Notice is adjudged to be valid, and the relief in paragraph 10, above, is not awarded, in the alternative, a declaration that any such terminated rights which Disney acquires for itself, and the proceeds thereof, must be held by Disney in actual or constructive trust for Slesinger's benefit.

11. For violation of Section 17200 *et seq.* of the California Business and Profession Code:

a. A declaration that the grant of rights to Disney contained in the 1983 Agreement is terminated and without legal effect. The effect of the termination of the grant of rights to Disney contained in the 1983 Agreement would be as follows:

(i) All of Disney's rights in and to the Pooh Elements are terminated.

(ii) All of the rights described in the 1983 Agreement shall revert to Slesinger, including, but not limited to:

(a) The sole and exclusive United States and Canadian rights for radio, television and other broadcasting,

(b) The sole and exclusive United States and Canadian rights for merchandising,

(c) Recording rights,

(d) The sole and exclusive United States and Canadian rights for third-party licensing, and

(e) The sole and exclusive United States and Canadian rights for future sound, word, and picture technology rights.

b. If this Court uses its equitable powers to declare that the grant of rights to Disney contained in the 1983 Agreement is terminated and without legal effect, then the effect of the termination of the grant of rights to Disney contained in the 1983 Agreement also would be as follows:

(i) Restitution from Disney of Slesinger's interest in the Pooh Elements; and

(ii) A permanent injunction against Disney prohibiting Disney from exploiting the Pooh Elements if Disney does not compensate Slesinger and from taking any action that would destroy, injure, or otherwise impair Slesinger's rights and interest in the Pooh Elements.

12. Prejudgment interest at the legal rate.

13. Reasonable attorneys' fees and costs, including attorneys' fees and costs under, *inter alia*, § 505 of the United States Copyright Act; and

14. All such other and further relief as the Court deems just and proper.

Dated: October _, 2006 **COTCHETT, PITRE, SIMON & McCARTHY**

By: _____
JOSEPH W. COTCHETT
Attorneys for Defendant and Counterclaimant Stephen Slesinger, Inc.

JURY DEMAND

Plaintiff Stephen Slesinger, Inc. demands a jury trial on all issues so triable.

Dated: October 6, 2006

COTCHETT, PITRE, SIMON & McCARTHY

By: _____
JOSEPH W. COTCHETT
Attorneys for Defendant and Counterclaimant Stephen Slesinger, Inc.

Exhibit 1

EXHIBIT 1

Design

83297

THE UNITED STATES OF AMERICA

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Whereas [illegible] of St. Albans, New York,

[illegible] of New York, N. Y.,

formal Order of Pilgrims a petition praying for

[illegible] a new and useful [illegible] Design

[illegible] the specification of which

[illegible] has complied with the

[illegible] as required by law:

[illegible] the said Claimant is

[illegible] to the law:

[illegible] to grant unto the said

[illegible] for the term of

[illegible] from the date of this grant,

[illegible] the said Design, according to

In testimony whereof, I have hereunto set my

hand and caused the Seal of the Patent

Office to be affixed at the City of Washington,

this [illegible] day of February,

in the year of our Lord one thousand nine

hundred and thirty-one, and of the

Independence of the United States of America

the one hundred and fifty-fifth.

Attest:

[illegible]

Assistant Secretary.

Thomas E. Robertson

Commissioner of Patents.

Feb. 10 1941

Feb. 10, 1931. A. E. WOOLNOUGH Des. 83,297

Patented F

Filed Nov. 4, 1930

Fig. 1

Fig. 2

Albert E. Woolnough
INVENTOR

Jacobs & Jacobs
ATTORNEYS

UNI

83,297

Patented Feb. 10, 1931

Des. 83,297

UNITED STATES PATENT OFFICE

ALBERT [illegible] WYDENGUGH, OF [illegible], NEW YORK, ASSIGNOR TO STEPHEN [illegible], OF NEW YORK, N. Y.

DESIGN FOR A SET OF ARTICLES

Application filed [illegible], 1930, Serial No. [illegible], Term of patent 7 years.

[illegible]

[illegible]

ALBERT [illegible] WYDENGUGH.

Design

89360

THE UNITED STATES OF AMERICA

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Be it known that [illegible] of New York, N. Y.,
assignor to Louis Sussner, Inc., of New York, N. Y.,
a corporation of New York,

has been granted by the Commissioner of Patents a LETTER PATENT FOR
A NEW AND ORNAMENTAL DESIGN FOR
A BOX OR SIMILAR ARTICLE,

as shown in the annexed specification and drawing, and that the said
[illegible] is entitled to the exclusive right to the said design within the United States
for the term of FOURTEEN YEARS from the date hereof, subject to the conditions and
requirements of the law.

In testimony whereof I have hereunto set my hand and caused the seal of the Patent Office to be affixed this twenty-eighth day of February in the year of our Lord one thousand nine hundred and thirty-three and of the Independence of the United States of America the one hundred and fifty-seventh.

[illegible]
Examiner

Thomas E. Robertson
Commissioner of Patents

UNITED STATES PATENT OFFICE.

DR. WALL

Feb. 28, 1933.

UNI

Patented Feb. 28, 1933

Des. 89,360

UNITED STATES PATENT OFFICE

[illegible] OF NEW YORK, N. Y., ASSIGNOR TO STEPHEN SLESINGER, INC., OF NEW YORK, N. Y., A CORPORATION OF NEW YORK

DESIGN FOR A PORTION OF AN ORNAMENTAL ARTICLE

Application filed January 6, 1933. Serial No. 42,284. Term of patent 14 years.

[illegible] is a plan view, and

[illegible] is a side elevational view thereof.

The ornamental design finds [illegible] shown and described.

[illegible] I have hereunto set

STEPHEN SLESINGER.

Design

89361

THE UNITED STATES OF AMERICA

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Whereas [illegible] Slesinger, of New York, N. Y., assignor to Stephen Slesinger, Inc., of New York, N. Y., a corporation of New York,

[illegible] Commissioner of Patents a petition praying for [illegible] Letters Patent for an alleged new and ornamental design for

A DISH OR SIMILAR ARTICLE,

[illegible] design [illegible] is contained in the specification of which [illegible] hereunto annexed and made a part hereof, and complied with the [illegible] of law in such cases made and provided, and

Whereas upon due examination made the said Claimant is [illegible] entitled to a patent under the law.

[illegible] these Letters Patent are to grant unto the said

Stephen Slesinger, Inc., its successors or assigns

[illegible] three and one-half years from the date of this grant [illegible] the said design throughout the [illegible]

In testimony whereof I have hereunto set my hand and caused the seal of the Patent Office to be affixed at the City of Washington this twenty-eighth day of February in the year of our Lord one thousand nine hundred and thirty-three, and of the Independence of the United States of America the one hundred and fifty-seventh.

Attest:

[illegible signature]

Law Examiner

Thomas E. Robertson

Commissioner of Patents

UNITED STATES PATENT OFFICE.

Feb. 28, 1933. L. P. SINGER Des. 89,361

DESIGN FOR A CLOCK

Filed Jan. 25, 1932

INVENTOR

BY ATTORNEYS

Patented Feb. 28, 1933

Des. 89,361

UNITED STATES PATENT OFFICE

Design

89362

THE UNITED STATES OF AMERICA

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Whereas, STUART HEISINGER, of New York, N. Y.,

and ROBERT LOEFFLER, INC., of New York, N. Y.,

have complied with the requirements of the Law:

And whereas, Upon the Petition of the said Claimant, the Commissioner of Patents has found that the said Claimant is entitled to a Design for

A CUP OR SIMILAR ARTICLE,

as described in the specification of which a copy is hereto annexed and forms a part hereof, and has directed that Letters Patent of the United States be granted to the said Claimant for the term of

FOURTEEN YEARS from the date of this grant, upon the payment of the fee required by Law.

These are therefore to grant unto the said Claimant or assigns the sole right and property in the said Design throughout the United States and the Territories thereof for the term aforesaid.

In testimony whereof I have hereunto set my hand and caused the Seal of the Patent Office to be affixed at the City of Washington this twenty-eighth day of February, in the year of our Lord one thousand nine hundred and thirty-three, and of the Independence of the United States of America the one hundred and fifty-seventh.

Attest:

[illegible]

Secretary.

Thomas E. Robertson

Commissioner of Patents.

Feb. 28, 1933.

Des. 89,362

Patented Feb. 28, 1933

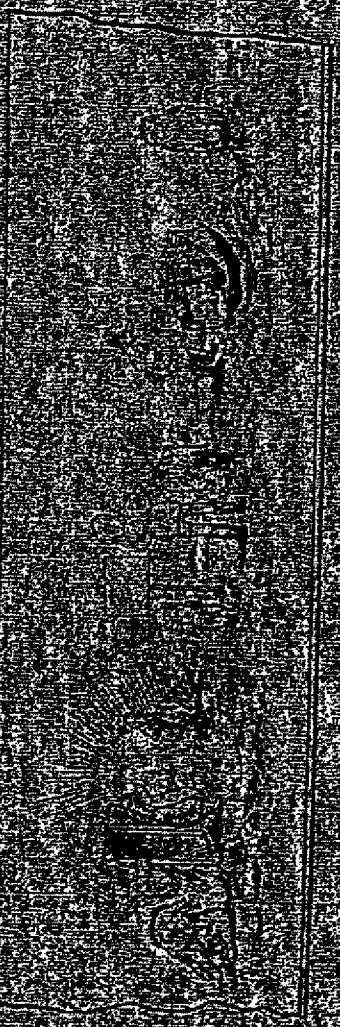
Des. 89,362

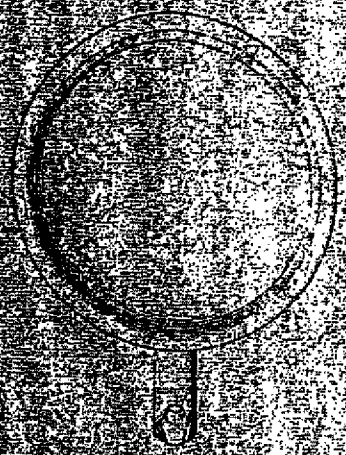
UNITED STATES PATENT OFFICE

Feb. 28, 1933. S. SCESINGER Des. 89,362.

CUP OR SIMILAR ARTICLE

Filed Feb. 28, 1933





INVENTOR

BY

ATTORNEYS

Patented Feb. 28, 1933

Des. 89,362

UNITED STATES PATENT OFFICE

Design

83929

THE UNITED STATES OF AMERICA

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Whereas

of [illegible]

has alleged that he has invented a new and useful

Improvement in

and has made application for a Patent therefor; that the said

N. Y.,

has complied with the various requirements of law in relation thereto; and that upon due examination thereof a Patent should be granted to him for the said invention:

Now, therefore, these Letters Patent are to grant unto the said

his heirs or assigns, for the term of fourteen years from the first day of April one thousand eight hundred and fifty-one, the exclusive right to make, use, and vend the said invention throughout the United States and the Territories thereof, subject to the provisions of the Act of Congress in relation to Patents.

In testimony whereof, I have caused the Seal of the Patent Office to be affixed, and these Letters to be signed by the Commissioner of Patents, at the City of Washington, this fourth day of April, in the year of our Lord one thousand eight hundred and fifty-one, and of the Independence of the United States of America the seventy-fifth.

Countersigned and sealed at Washington, April 4, 1851.

Thomas Ewbank

Commissioner of Patents.

April 14, 1931. S. SLESINGER. Des. 83,929.

Fig. 2.

Stephen Slesinger, INVENTOR.

Jacobs & Jacobs, ATTORNEYS.

Patented Ap

UNIT

Patented Apr. 14, 1931

Des. 83,929

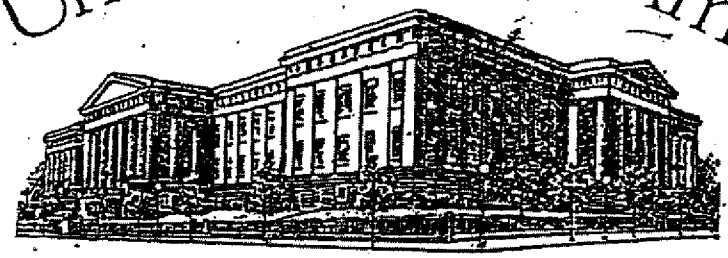
83,929

UNITED STATES PATENT OFFICE

EXHIBIT 2

No. 293856

The United States of America



To All To Whom These PRESENTS Shall Come:

This is to Certify That by the records of the UNITED STATES PATENT OFFICE it appears that STEPHEN SLESINGER, INC., of New York, N. Y., a corporation organized under the laws of the State of New York,

did, on the 8th day of January, 1931, duly file in said Office an application for REGISTRATION of a certain

TRADE-MARK

shown in the drawing for the goods specified in the statement, copies of which drawing and statement are hereto annexed, and duly complied with the requirements of the law in such case made and provided, and with the regulations prescribed by the COMMISSIONER OF PATENTS.

And, upon due examination, it appearing that the said applicant is entitled to have said TRADE-MARK registered under the law, the said TRADE-MARK has been duly REGISTERED this day in the UNITED STATES PATENT OFFICE, to

Stephen Slesinger, Inc., its successors or assigns.

This certificate shall remain in force for TWENTY YEARS, unless sooner terminated by law.

In Testimony Whereof I have hereunto set my hand and caused the seal of the PATENT OFFICE to be affixed, at the City of Washington, this ninth day of June, in the year of our Lord one thousand nine hundred and thirty-one, and of the Independence of the United States the one hundred and fifty-fifth.

Thomas E. Robertson
Commissioner of Patents.

ATTEST:
G. P. Decker
Law Examiner.

FSSI001297

Registered June 9, 1931

Trade-Mark 283,856

UNITED STATES PATENT OFFICE

STEPHEN SLESINGER, INC., OF NEW YORK, N. Y.

ACT OF FEBRUARY 20, 1905

Application filed January 8, 1931. Serial No. 302,751.

WINNIE-THE-POOH

CHRISTOPHER ROBIN

STATEMENT

To all whom it may concern:

Be it known that Stephen Slesinger, Inc., a corporation duly organized under the laws of the State of New York, and located in the city of New York, in the county of New York and State of New York, and doing business at 1440 Broadway, in said city, has adopted and used the trade-mark shown in the accompanying drawing, for WEARING APPAREL FOR MEN, WOMEN, AND CHILDREN—NAMELY, NIGHTGOWNS, NIGHTSHIRTS, AND PAJAMAS, UNDERWEAR MADE OF KNITTED, NETTED, AND TEXTILE MATERIALS, SHOES AND SLIPPERS MADE OF LEATHER, FABRIC, RUBBER, AND/OR COMBINATIONS THEREOF; WOMEN'S AND CHILDREN'S COATS, CLOAKS, AND SUITS; AND MEN'S AND BOYS' SUITS, INCLUDING COATS, VESTS, AND TROUSERS AND OVERCOATS; SWEATERS, HATS, CAPS FOR MEN, WOMEN, AND CHILDREN, AND BATHING SUITS, in Class 39, Clothing.

The trade-mark has been continuously used in the business of said corporation since January 20, 1930.

The trade-mark is applied or affixed to the goods or to the packages containing the same by imprinting or by placing thereon a label or attaching thereto a tag on which the trade-mark is shown.

Your petitioner hereby appoints Jacobi & Jacobi, composed of Herbert J. Jacobi and William J. Jacobi, of the National Press Building, Washington, D. C., whose registration number is 3322, its attorneys, to represent it in the United States Patent Office, in causing the registration of said trade-mark, with full power of substitution and revocation, to sign the drawing, to receive the certificate of registration, and to do any and all things necessary to be done in connection with securing the registration of said trade-mark in the United States Patent Office.

STEPHEN SLESINGER, INC.,
By STEPHEN SLESINGER,
Pres.

Trade-Mark [illegible]

UNITED STATES PATENT OFFICE

STEPHEN SLESINGER, INC., OF NEW YORK, N. Y.

ACT OF FEBRUARY 20, 1905

Application filed January 8, 1931. Serial No. 308,7[illegible]

WINNIE-THE-POOH

CHRISTOPHER ROBIN

STATEMENT

To all whom it may concern:

Be it known that Stephen Slesinger, Inc., a corporation duly organized under the laws of the State of New York, and located in the city of New York, in the county of New York and State of New York and doing business at [illegible] Broadway, in said city, has adopted and used the trade-mark shown in the accompanying drawing, for WEARING APPAREL FOR MEN, WOMEN, AND CHILDREN, NAMELY, KNIT [illegible] GOWNS, NIGHTSHIRTS, AND PAJAMAS, UNDERWEAR MADE OF KNITTED, NETTED, AND TEXTILE MATERIALS, SHOES AND SLIPPERS MADE OF LEATHER, FABRIC, RUBBER, AND/OR [illegible] [illegible] THEREOF, [illegible] AND [illegible] DRESSES, COATS, CLOAKS AND SUITS FOR MEN AND BOYS' SUITS, [illegible] [illegible] [illegible] SWEATERS, [illegible] FOR MEN, WOMEN, AND CHILDREN, AND BATHING SUITS, in Class 39, Clothing.

The trade-mark has been continuously used in the business of said corporation since January 20, 1930.

The trade-mark is applied or affixed to the goods, or to the packages containing the same, by imprinting or by placing thereon a label or attaching thereto a tag on which the trade-mark is shown.

Your petitioner hereby appoints [illegible] Jacobi, composed of Herbert [illegible] Jacobi and William [illegible] Jacobi, of the National Press Building, Washington, D. C., whose registration number is [illegible], its attorneys, to represent it in the United States Patent Office, in securing the registration of said trade-mark, with full power of substitution and revocation, to [illegible] [illegible] all [illegible] in the [illegible] necessary to be done in connection with securing the registration of said trade-mark from the United States Patent Office.

STEPHEN SLESINGER, INC.,
By STEPHEN SLESINGER,
[illegible]

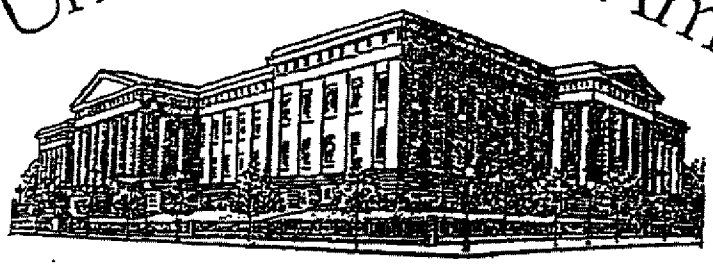
FSSI001299

2-571

Class 27

No. 302372

The United States of America



To All To Whom These PRESENTS Shall Come:

This is to Certify That by the records of the UNITED STATES PATENT OFFICE it appears that STEPHEN SLESINGER, INC., of New York, N. Y., a corporation organized under the laws of the State of New York,

did, on the 1st day of December, 1932, duly file in said Office an application for REGISTRATION of a certain

TRADE-MARK

shown in the drawing for the goods specified in the statement, copies of which drawing and statement are hereto annexed, and duly complied with the requirements of the law in such case made and provided, and with the regulations prescribed by the COMMISSIONER OF PATENTS.

And, upon due examination, it appearing that the said applicant is entitled to have said TRADE-MARK registered under the law, the said TRADE-MARK has been duly REGISTERED this day in the UNITED STATES PATENT OFFICE, to

Stephen Slesinger, Inc., its successors or assigns.

This certificate shall remain in force for TWENTY YEARS, unless sooner ...ted by law.

In Testimony Whereof I have hereunto set my hand and caused the seal of the PATENT OFFICE to be affixed, at the City of Washington, this eighteenth day of April, in the year of our Lord one thousand nine hundred and thirty-three, and of the Independence of the United States the one hundred and fifty-seventh.

Thomas E. Robertson
Commissioner of Patents.

ATTEST:

G. P. Tuck
Law Examiner.

FSSI001300

Registered Apr. 18, 1933

Trade-Mark 302,372

UNITED STATES PATENT OFFICE

STEPHEN SLESINGER, INC., OF NEW YORK, N. Y.

ACT OF FEBRUARY 20, 1905

Application filed December 1, 1932. Serial No. 332,663.

WINNIE-THE-POOH

CHRISTOPHER ROBIN

STATEMENT

To all whom it may concern:

Be it known that Stephen Slesinger, Inc., a corporation duly organized under the laws of the State of New York, and located in the city of New York, in the county of New York and State of New York, and doing business at 1440 Broadway, in said city, has adopted and used the trade-mark shown in the accompanying drawing, for CHINAWARE AND POTTERY, BRIC-A-BRAC, AND REFLECTORS, GLOBES AND SHADES OF CHINA AND PORCELAIN, in Class 30, Crockery, earthenware, and porcelain.

The trade-mark has been continuously used in the business of said corporation since Jan. 20, 1930.

The trade-mark is applied, or affixed to the goods, or to the packages containing the same, by placing thereon a label or attaching thereto a tag on which the trade-mark is shown.

The mark is the name of characters in "The Children's Story Book" by A. A. Milne, of London, England.

Your petitioner hereby appoints Jacobi & Jacobi, composed of Herbert J. Jacobi and William J. Jacobi, of the Ouray Building, Washington, D. C., whose registration number is 3322, its attorneys, to represent it in the United States Patent Office, in causing the registration of said trade-mark, with full power of substitution and revocation, to sign the drawing, to receive the certificate of registration, and to do any and all things necessary to be done in connection with securing the registration of said trade-mark in the United States Patent Office.

STEPHEN SLESINGER, INC.,
By STEPHEN SLESINGER,
President.

MARKS
WORDS

Registered Apr. 18, 1933 Trade-Mark 312,372

UNITED STATES PATENT OFFICE

STEPHEN SLESINGER, INC. OF NEW YORK, N. Y.

ACT OF FEBRUARY 20, 1905

Application filed December 1, 1932. Serial No. 332,862.

WINNIE-THE-POOH

CHRISTOPHER ROBIN

STATEMENT

To all whom it may concern:

Be it known that Stephen Slesinger, Inc., a corporation duly organized under the laws of the State of New York, and located in the city of New York, in the county of New York and State of New York, and doing business at 1110 Broadway, in said city, has adopted and used the trade-mark shown in the accompanying drawing, for CHINAWARE AND POTTERY, BRIC-A-BRAC, AND REFLECTORS, GLOBES AND SHADES, OF CHINA AND PORCELAIN, in Class 30, Crockery, earthenware, and porcelain.

The trade-mark has been continuously used in the business of said corporation since Jan. 20, 1930.

The trade-mark is applied, or affixed to the goods, or to the packages containing the same, by placing thereon a label or attaching thereto a tag on which the trade-mark is shown.

The mark is the name of characters in "The Children's Story Book" by A. A. Milne, of London, England.

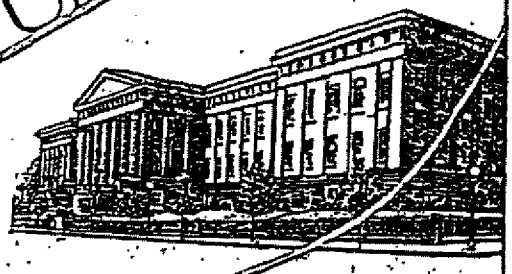
Your petitioner hereby appoints Jacob & Jacobi, composed of Herbert L. Jacobi and William L. Jacobi, of the Ouray Building, Washington, D. C., whose registration number is 3[illegible], its attorneys, to represent it in the United States Patent Office, in causing the registration of said trade-mark, with full power of substitution and revocation, to sign the drawing, to receive the certificate of registration, and to do any and all things necessary to be done in connection with securing the registration of said trade-mark in the United States Patent Office.

STEPHEN SLESINGER, INC.
By STEPHEN SLESINGER,
President.

FSSI001302

2-571

The United States



WINNIE-THE-POOH
CHRISTOPHER ROBIN

Playtime
Creations
by
Stephen Slesinger, Inc.
New York, N. Y.

To All To Whom These PRESENTS

This is to Certify That by the record in the PATENT OFFICE it appears that STEPHEN SLESINGER, INC., of New York, N. Y., a corporation organized under the laws of the State of New York,

did, on the 2nd day of December, 1932, duly file in said Office an application for REGISTRATION of a certain

TRADE-MARK

shown in the drawing for the goods specified in the statement, copies of which drawing and statement are hereto annexed, and duly complied with the requirements of the law in such case made and provided, and with the regulations prescribed by the COMMISSIONER OF PATENTS.

And, upon due examination, it appearing that the said applicant is entitled to have said TRADE-MARK registered under the law, the said TRADE-MARK has been duly REGISTERED this day in the UNITED STATES PATENT OFFICE, to

Stephen Slesinger, Inc., its successors or assigns.

This certificate shall remain in force for TWENTY YEARS, unless sooner terminated by law.

In Testimony Whereof I have hereunto set my hand and caused the seal of the PATENT OFFICE to be affixed, at the City of Washington, this fourth day of April, in the year of our Lord one thousand nine hundred and thirty-three, and of the Independence of the United States the one hundred and fifty-seventh.

Thomas E. Robertson
Commissioner of Patents.

ATTEST:
G. P. Baker
Law Examiner.

FSSI001303

Registered Apr. 4, 1933

Trade-Mark 302,240

UNITED STATES PATENT OFFICE

STEPHEN SLESINGER, INC., OF NEW YORK, N. Y.

ACT OF FEBRUARY 20, 1905

Application filed December 2, 1932. Serial No. 232,700.

WINNIE-THE-POOH

CHRISTOPHER ROBIN

STATEMENT

To all whom it may concern:

Be it known that Stephen Slesinger, Inc., a corporation duly organized under the laws of the State of New York, and located in the city of New York, in the county of New York and State of New York, and doing business at 1440 Broadway, in said city, has adopted and used the trade-mark shown in the accompanying drawing, for GAMES—NAMELY, CARD GAMES, BOARD GAMES, EDUCATIONAL CARD GAMES, PUZZLES, PARLOR BOARD GAMES; TOYS—NAMELY, FIGURE TOYS, DOLLS, DOLL HOUSES, MECHANICAL TOYS, CONSTRUCTION TOYS AND ROLLER TOYS; AND SPORTING GOODS—NAMELY, BASEBALL BATS, GLOVES, MASKS, LEG GUARDS, BALLS; TENNIS RACKETS, NETS, BALLS; FOOTBALLS, FOOTBALL MASKS, LEG GUARDS, SHIN-GUARDS; BASKET BALLS AND NETS; LACROSSE CLUBS, BALLS, BODY GUARDS, MASKS; GOLF BALLS, CLUBS, GOLF BAGS; SKATES, BOTH ROLLER AND ICE—in Class 22, Games, toys, and sporting goods.

The trade-mark has been continuously used in the business of said corporation since January 20, 1930.

The trade-mark is applied or affixed to the goods or to the packages containing the same, by placing thereon a label or attaching thereto a tag on which the trade-mark is shown.

The applicant is owner of certificate of registration Number 283,856 issued June 9, 1931, covering the trade-mark "Christopher Robin—Winnie-the-Pooh".

The mark is the name of characters in "The Children's Story Book" by A. A. Milne, of London, England.

Your petitioner hereby appoints Jacobi & Jacobi, composed of Herbert J. Jacobi and William J. Jacobi, National Press Building, Washington, D. C., whose registration number is 3,322, its attorneys, to represent it in the United States Patent Office, in causing the registration of said trade-mark, with full power of substitution and revocation, to sign the drawing, to receive the certificate of registration, and to do any and all things necessary to be done in connection with securing the registration of said trade-mark in the United States Patent Office.

STEPHEN SLESINGER, INC.,
By STEPHEN SLESINGER,
President.

Registered Apr. 4, 1933

Trade-Mark 302,240

UNITED STATES PATENT OFFICE

STEPHEN SLESINGER, INC. OF NEW YORK, N. Y.

ACT OF FEBRUARY 20, 1905

Application filed December 3, 1932. Serial No. 232,700.

WINNIE-THE-POOH
CHRISTOPHER ROBIN

STATEMENT

To all whom it may concern:

Be it known that Stephen Slesinger, Inc., a corporation duly organized under the laws of the State of New York, and located in the city of New York, in the county of New York and State of New York, and doing business at 1440 Broadway, in said city, has adopted and used the trade-mark shown in the accompanying drawing, for GAMES, NAMELY, CARD GAMES, BOARD GAMES, EDUCATIONAL CARD GAMES, PUZZLES, PARLOR BOARD GAMES; TOYS, NAMELY, FIGURE TOYS, DOLLS, DOLL HOUSES, MECHANICAL TOYS, CONSTRUCTION TOYS AND ROLLER TOYS; AND SPORTING GOODS, NAMELY, BATEBALL BATS, GLOVES, MASKS, LEG GUARDS, BALLS, TENNIS RACKETS, NETS, BALLS, FOOT BALLS, FOOTBALL MASKS, LEG GUARDS, SHIN GUARDS, BASKET BALLS AND NETS, LACROSSE CLUBS, BALLS, BODY GUARDS, MASKS; GOLF BALLS, CLUBS, GOLF BAGS, SKATES, BOTH ROLLER AND ICE—in Class 22, Games, toys, and sporting goods.

The trade-mark has been continuously used in the business of said corporation since January 20, 1930.

The trade-mark is applied or affixed to the goods or to the packages containing the same, by placing thereon a label or attaching thereto a tag on which the trade-mark is shown.

The applicant is owner of certificate of registration Number 283,856 issued June 9, 1931, covering the trade-mark "Christopher Robin—Winnie-the-Pooh".

The mark is the name of characters in "The Children's Story Book" by A. A. Milne of London, England.

Your petitioner hereby appoints Jacobi & Jacobi, composed of Herbert J. Jacobi and William J. Jacobi, National Press Building, Washington, D. C., whose registration number is [illegible], its attorneys to represent it in the United States Patent Office, in causing the registration of said trade-mark, with full power of substitution and revocation, to sign the drawing, to receive the certificate of registration, and to do any and all things necessary to be done in connection with securing the registration of said trade-mark in the United States Patent Office.

STEPHEN SLESINGER, INC.
By STEPHEN SLESINGER,
President.

FSSI001305

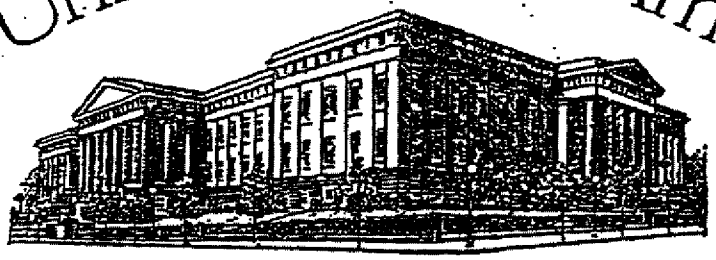
Exhibit 2

EXHIBIT 2

2-371

No. 304857

The United States of America



To All To Whom These PRESENTS Shall Come:

This is to Certify That by the records of the UNITED STATES PATENT OFFICE it appears that STEPHEN SLESINGER, INC., of New York, N. Y., a corporation organized under the laws of the State of New York,

did, on the 24th day of February, 1933, duly file in said Office an application for REGISTRATION of a certain

TRADE-MARK

shown in the drawing for the goods specified in the statement, copies of which drawing and statement are hereto annexed, and duly complied with the requirements of the law in such case made and provided, and with the regulations prescribed by the COMMISSIONER OF PATENTS.

And, upon due examination, it appearing that the said applicant is entitled to have said TRADE-MARK registered under the law, the said TRADE-MARK has been duly REGISTERED this day in the UNITED STATES PATENT OFFICE, to

Stephen Slesinger, Inc., its successors or assigns.

This certificate shall remain in force for TWENTY YEARS, unless sooner ...nated by law.

In Testimony Whereof I have hereunto set my hand and caused the seal of the PATENT OFFICE to be affixed, at the city of Washington, this eighteenth day of July, in the year of our Lord one thousand nine hundred and thirty-three, and of the independence of the United States the one hundred and fifty-eighth.

Commissioner of Patents.

ATTEST:

Law Examiner.

FSSI001306

Registered July 18, 1933

Trade-Mark 304,857

UNITED STATES PATENT OFFICE

STEPHEN SLESINGER, INC., OF NEW YORK, N. Y.

ACT OF FEBRUARY 20, 1905

Application filed February 24, 1932. Serial No. 335,254.

WINNIE-THE-POOH

CHRISTOPHER ROBIN

STATEMENT

To all whom it may concern:

Be it known that Stephen Slesinger, Inc., a corporation duly organized under the laws of the State of New York, and located in the city of New York, in the county of New York and State of New York, and doing business at 1440 Broadway, in said city, has adopted and used the trade-mark shown in the accompanying drawing, for CANDLE STICKS, LAMP SHADES NOT MADE OF GLASS, BUT OF SUCH MATERIALS AS SILK, LINEN, PAPER, WOOD, AND METAL; AND LAMP BASES, in Class 34, Heating, lighting, and ventilating apparatus.

The trade-mark has been continuously used in the business of said corporation since January 20th, 1930.

The trade-mark is applied or affixed to the goods or to the packages containing the same by placing thereon a label or attaching thereto a tag on which the trade-mark is shown.

Your petitioner hereby appoints Jacobi & Jacobi, composed of Herbert J. Jacobi and William J. Jacobi, National Press Building, Washington, D. C., whose registration number is 3322, its attorneys, to represent it in the United States Patent Office, in causing the registration of said trade-mark, with full power of substitution and revocation, to sign the drawing, to receive the certificate of registration and to do any and all things necessary to be done in connection with securing the registration of said trade-mark in the United States Patent Office.

STEPHEN SLESINGER, INC.,
By STEPHEN SLESINGER,
President.

MARKS

Registered July 12, 1932 — Trade-Mark 311,857

UNITED STATES PATENT OFFICE

STEPHEN SLESINGER, INC., OF NEW YORK, N. Y.

ACT OF FEBRUARY 20, 1905

Application filed February 24, 1932. Serial No. 225,254.

WINNIE-THE-POOH

CHRISTOPHER ROBIN

STATEMENT

To all whom it may concern:

Be it known that Stephen Slesinger, Inc., a corporation duly organized under the laws of the State of New York, and located in the city of New York, in the county of New York, and State of New York, and doing business at 1414 Broadway, in said city, has adopted and used the trade-mark shown in the accompanying drawing, for CANDLE STICKS, LAMP SHADES NOT MADE OF GLASS, BUT OF SUCH MATERIALS AS SILK, LINEN, PAPER, WOOD, AND METAL; AND LAMP BASES, in Class 34, Heating, lighting, and ventilating apparatus.

The trade-mark has been continuously used in the business of said corporation since January 20th, 1930.

The trade-mark is applied or affixed to the goods or to the packages containing the same by placing thereon a label or attaching thereto a tag on which the trade-mark is shown.

Your petitioner hereby appoints Jacobi & Jacobi, composed of Herbert J. Jacobi and William J. Jacobi, National Press Building, Washington, D. C., whose registration number is 2332, its attorneys, to represent it in the United States Patent Office in causing the registration of said trade-mark, with full power of substitution and revocation, to sign the drawing, to receive the certificate of registration, and to do any and all things necessary to be done in connection with securing the registration of said trade-mark in the United States Patent Office.

STEPHEN SLESINGER, INC.

By STEPHEN SLESINGER,

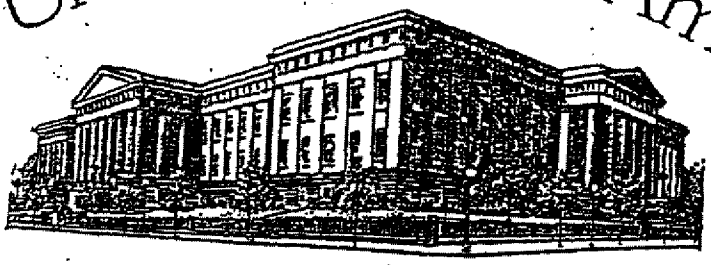
President.

FSSI001308

2-371

No. 313255

The United States of America



To All To Whom These PRESENTS Shall Come:

This is to Certify That by the records of the UNITED STATES PATENT OFFICE it appears that STEPHEN SLESINGER, INC., of New York, N. Y., a corporation organized under the laws of the State of New York,

did, on the 22nd day of December, 1933, duly file in said Office an application for REGISTRATION of a certain

TRADE-MARK

shown in the drawing for the goods specified in the statement, copies of which drawing and statement are hereto annexed, and duly complied with the requirements of the law in such case made and provided, and with the regulations prescribed by the COMMISSIONER OF PATENTS.

And, upon due examination, it appearing that the said applicant is entitled to have said TRADE-MARK registered under the law, the said TRADE-MARK has been duly REGISTERED this day in the UNITED STATES PATENT OFFICE, to

Stephen Slesinger, Inc., its successors or assigns.

This certificate shall remain in force for TWENTY YEARS, unless sooner inated by law.

In Testimony Whereof I have hereunto set my hand and caused the seal of the PATENT OFFICE to be affixed, at the city of Washington, this twenty-second day of May, in the year of our Lord one thousand nine hundred and thirty-four, and of the independence of the United States the one hundred and fifty-eighth.

Commissioner of Patents.

ATTEST:

Law Examiner.

FSSI001309

Registered May 22, 1934

Trade-Mark 313,255

UNITED STATES PATENT OFFICE

Stephen Slesinger, Inc., New York, N. Y.

Act of February 20, 1905

Application December 22, 1933, Serial No. 345,272

WINNIE-THE-POOH

CHRISTOPHER ROBIN

STATEMENT

To all whom it may concern:

Be it known that Stephen Slesinger, Inc., a corportation duly organized under the laws of the State of New York, and located in the city of New York, in the county of New York and State of New York, and doing business at 66 Fifth Avenue, in said city, has adopted and used the trade-mark shown in the accompanying drawing, for FLAT AND HOLLOW SILVERWARE USED FOR TABLE AND TOILET PURPOSES, in Class 28, Jewelry and precious-metal ware.

The trade-mark has been continuously used in the business of said corporation since January 29th, 1930.

The trade-mark is applied or affixed to the goods or to the packages containing the same by imprinting or by placing thereon a label or attaching thereto a tag on which the trade-mark is shown.

Your petitioner hereby appoints Jacobi & Jacobi, composed of Herbert J. Jacobi and William J. Jacobi, National Press Bldg., Washington, D. C., whose registration number is 3322, its attorneys, to represent it in the United States Patent Office, in causing the registration of said trade-mark, with full power of substitution and revocation, to sign the drawing, to receive the certificate of registration and to do any and all things necessary to be done in connection with securing the registration of said trade-mark in the United States Patent Office.

STEPHEN SLESINGER, INC.,
By STEPHEN SLESINGER,
President.

TRANSCRIPT OF TRADE MARK

REGISTRATION

Number 313,255
Registered in United States Patent Office
Date of use January 29th, 1930

Date May 22, 1934
Duration Twenty Years
Expiration May 22, 1954

SPECIMEN OF MARK

Winnie-The-Pooh
Christopher Robin

Filed December 12, 1933
Registered under Act of February 20, 1905
Classification Class 28, Jewelry and precious-metal ware.

Specific merchandise covered Flat and Hollow Silverware used for Table and Toilet Purposes.

Assigned No
Assignment No

Issued to Stephen Slesinger, Inc., New York, N. Y.

Executed by Stephen Slesinger, President
Original Certificate deposited at
Result of search Clear
Opposed, if at all No

Defensive or actual

Serial Number 340,772

Remarks

Presented with Official Certificate to Stephen Slesinger, Inc.
Date May 26th, 1934
By Holmes, Munsey & Holmes
Office at 15 Park Row, New York, N. Y.
By

Keep this information in Trade Mark Files
Deposit the original Certificate in your vault

Registered May 22, 1934 MARKS Trade-Mark No. 325

UNITED STATES PATENT OFFICE

Stephen Slesinger, Inc., New York, N. Y.

Act of February 20, 1905

Application December 22, 1933, Serial No. 345,272.

WINNIE-THE-POOH

CHRISTOPHER ROBIN

STATEMENT

To all whom it may concern:

Be it known that Stephen Slesinger, Inc., a corporation duly organized under the laws of the State of New York and located in the city of New York in the county of New York and State of New York, and doing business at 68 Fifth Avenue, in said city, has adopted and used the trade-mark shown in the accompanying drawing, for PLAT AND HOLLOW SILVERWARE USED FOR TABLE AND TOILET PURPOSES, in Class 28, Jewelry and precious-metal ware.

The trade-mark has been continuously used in the business of said corporation since January 20th, 1930.

The trade-mark is applied or affixed to the goods or to the packages containing the same by imprinting or by placing thereon a label or attaching thereto a tag on which the trade-mark is shown.

Your petitioner hereby appoints Jacobi & Jacobi, composed of Herbert J. Jacobi and William J. Jacobi, National Press Bldg., Washington, D. C., whose registration number is 1322, its attorneys to represent it in the United States Patent Office in causing the registration of said trade-mark, with full power of substitution and revocation, to sign the drawing, to receive the certificate of registration and to do any and all things necessary to be done in connection with securing the registration of said trade-mark in the United States Patent Office.

STEPHEN SLESINGER, INC.
By STEPHEN SLESINGER,
President.

FSSI001312

Exhibit 3

EXHIBIT 3

Well, Well, Well!

Look Who's Here!

Don't say Teddy Bear—
Say "Winnie-The-Pooh"

YESSIR—*it's*

WINNIE-THE-POOH *

And

He's Picked Out WOOLNOUGH

to make him into Perfect Toy Form for the thousands and thousands of kiddies who have read about him in A. A. Milne's famous Juvenile Books (over 1,000,000 sold in America alone).

Ladies and Gentlemen, make no mistake about it—WINNIE THE POOH will be *the* Toy Feature of the season. Not only is he the most lovable children's character of all times, but he's by all odds the most distinctive and best looking pet you ever saw.

Freshen up your Animal Display with this exclusive Woolnough Creation. Show WINNIE THE POOH in your toy department and see how many friends he has who will want to buy him right away. Give your advertising and publicity department the opportunity they have long desired and watch them both eagerly feature WINNIE-THE-POOH.

Write for Samples.

F. W. WOOLNOUGH CO., Inc.

45 EAST 17th STREET, NEW YORK

*Fully protected by Trade Marks and Design Patents, Stephen Slesinger, Inc., N. Y.
(Books copyrighted by E. P. Dutton & Co., Inc.)

←Just Out!

WINNIE-THE-POOH*

And His Seven Friends On Heavy Cardboard In Full Color For The Children To Play With

MILNE BOOKS

That Will Sell Fast In Your Toy Dept.

THE HOUSE AT POOH CORNER, Retail $2.

NOW WE ARE SIX, Retail $2.

WHEN WE WERE VERY YOUNG, Retail $2.

WINNIE-THE-POOH, Retail $2.

THE CHRISTOPHER ROBIN STORY BOOK, Retail $2.

FOURTEEN SONGS, Retail $2.50.

THE KING'S BREAKFAST, Retail $2.

SONGS FROM NOW WE ARE SIX, Retail $2.50.

MORE VERY YOUNG SONGS, Retail $2.50.

THE HUMS OF POOH, Retail $2.50.

TEDDY BEAR AND OTHER SONGS, Retail $2.50.

CHRISTOPHER ROBIN BIRTHDAY BOOK. OUT OCT. 1st. Retail $1.50.

MILNE CHRISTMAS CARDS, 6 Boxed, Retail $1.00.

MILNE CALENDAR, $1.50.

FREE *with These Tremendously Popular* MILNE BOOKS

In getting up these handsome cut-out characters from the Milne Books, we are not only meeting an enormous demand from boys and girls all over the United States, but we are offering you a most effective sales stimulator for the books themselves. For the Cut-Outs are given Free with two books, in a beautiful box suitable for Counter Display, to sell for $4; the Books being: "When We Were Very Young" and "Now We Are Six" or "Winnie-The-Pooh" and "The House At Pooh Corner." Mail the coupon below and get your share of this profitable business.

SEND for Our $24 Introductory Assortment

To make it easy for toybuyers to get started with the Milne Books, we have prepared a special $24 Assortment of the best sellers, which can be retailed for $40. The coupon will bring it to you—mail it now.

*Books Copyrighted by E. P. Dutton & Co., Inc. Fully protected by Trade Marks and Design Patents.

E. P. DUTTON & CO., Inc.
386 Fourth Avenue, New York

☐ Send me your Introductory $24 Assortment of Best Selling Milne Books, which I can sell for $40.

☐ Send me your new 56-page catalog, describing all the famous Dutton Books for Boys and Girls.

Name .....

Street .....

City and State .....

WINNIE-THE-POOH*

A. A. Milne's creation now brings to the Toy Department and the Infants' and Children's Department the charm of its magic touch

DENNISON MANUFACTURING CO.
FRAMINGHAM, MASS.
WINNIE-the-POOH
Paper Napkins and Party Novelties

SUE HASTINGS
1947 BROADWAY NEW YORK
WINNIE-the-POOH
MARIONETTES
Shows for Department Stores, Displays

JOSEPH DIXON CRUCIBLE CO.
JERSEY CITY, NEW JERSEY
WINNIE-the-POOH
Special Pencil Cases

McKEM INC.
1440 BROADWAY, NEW YORK
WINNIE-the-POOH
Jersey Brother and Sister Suits

E. P. DUTTON & CO., INC.
300 FOURTH AVE., NEW YORK
WINNIE-the-POOH
BOOKS
Publishers and Book Copyright Owners

OLD BLEACH LINEN CO., LTD.
148 FOURTH AVE., NEW YORK
WINNIE-the-POOH
Nursery Linen, Crib and Cushion Covers, Draperies

FINE ART PRODUCERS, INC.
19 WEST 24th ST., NEW YORK
WINNIE-the-POOH
Lamps - Shades
Trays - Boxes

F. W. WOOLNOUGH CO., INC.
[illegible] EAST 17th ST., NEW YORK
WINNIE-the-POOH
Soft Toys

WINNIE-the-POOH ASSOCIATION
1440 BROADWAY NEW YORK

*STEPHEN SLESINGER, INC., N. Y., Sole owner of all rights of character reproduction

WOOLNOUGH'S
Woolly Animals

FEATURING

For Immediate Delivery

The Largest Line of

EASTER BUNNIES

Ever Offered the Trade

Traditional Woolnough Quality, new exclusive creations and new 1931 prices each in themselves more than justify your inspecting the Woolnough Easter Line. Together they form a combination that should not be overlooked by any buyer interested in doing a maximum Easter business.

They Have All the True-to-Life Realism of the Real Thing

WIREHAIRED TERRIERS
SEALYHAMS
CHOWS
AIREDALES
TOWZERS
ST. BERNARDS
CATS
TEDDY BEARS
HORSES
DONKEYS
MONKEYS
COWS
ELEPHANTS
RABBITS

See The

ANIMAL TOY FAIR

February 9th to 28th

And Throughout the Year

At

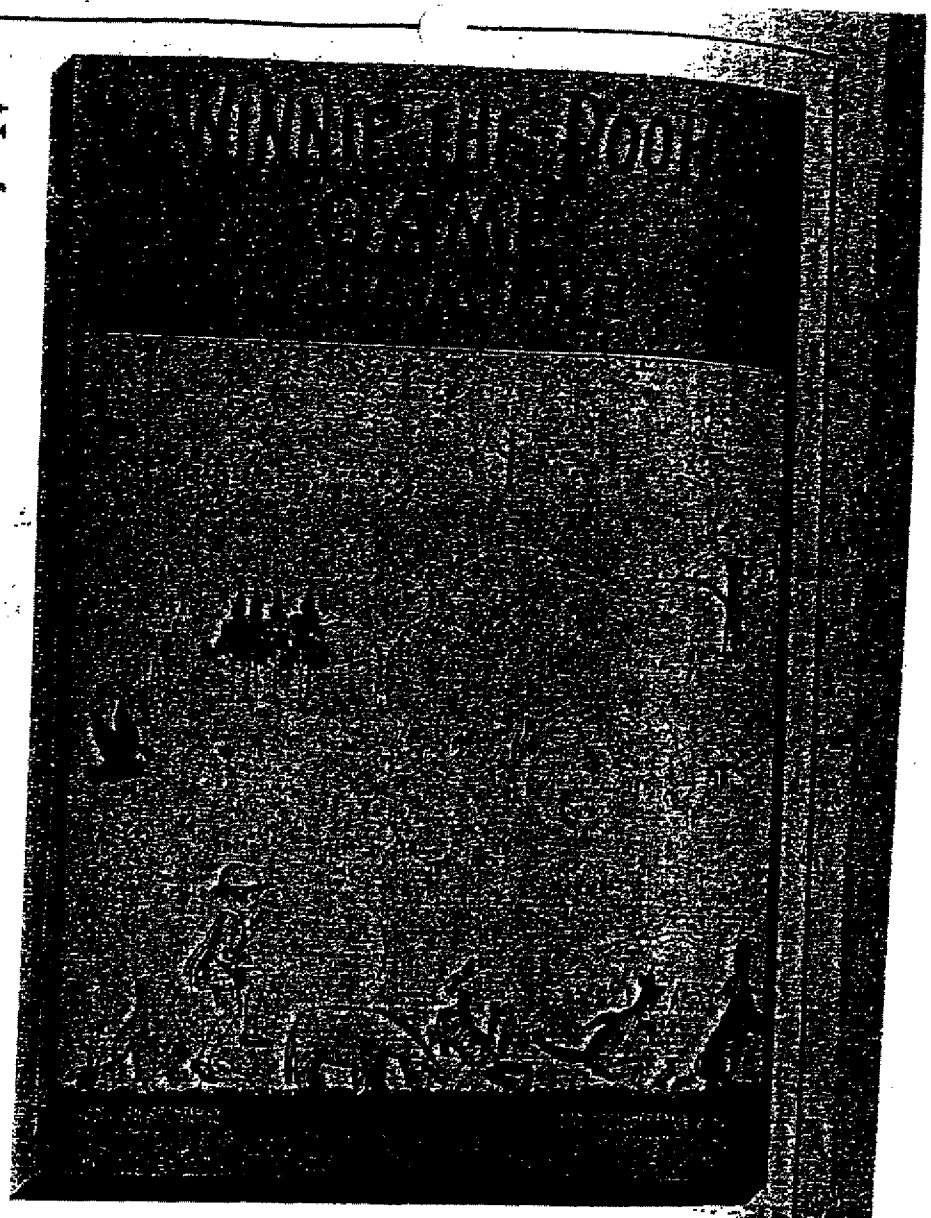
45 EAST 17th ST.
Room 314
NEW YORK

WINNIE-THE POOH *

Milne's famous character, perfectly reproduced in plush, is now offered in 5 popular sizes. The biggest selling bear since "Teddies" came in vogue.

F. W. WOOLNOUGH CO., Inc.

The game is played with Pooh-Bear "men" like this. There are 4 to a set.
Reg. U. S. Pat. Off. (C.) Stephen Slesinger, Inc., N. Y. C.



Box is 10" x 15". Game outspread as table cover is 30" x 30".

Believe it or not—
... this entirely
new idea in games
retails for only $1.00

Over a million copies of Winnie-the-Pooh (by A. A. Milne) have been sold. This year, as you know, leading manufacturers of non-competing merchandise are featuring Winnie-the-Pooh specialties, and in games it's the Kerk-Guild.

Children everywhere will be wearing Winnie-the-Pooh suits, caps, jewelry, . . . eating with Winnie-the-Pooh silver, from Winnie-the-Pooh dishes, . . . but especially playing the Game, at Winnie-the-Pooh parties—the most intriguing game in many years.

It's played on a gayly designed cover that fits any card table. Keeps the children off the floor. It's waterproof, washable, and flexible as any cloth cover. With it come four bears for the players, and one for the spinner—you never saw a spinner like him—he swings a pole around! The cutest ever!

Then the fun begins. Tracking down the bear is a great adventure. It leads you places and shows you things you'd never expect to see in mother's living room! Two, three or four can play—and play can be progressive.

Complete set retails for $1.00 with full profit to the dealer. Seems impossible but it's true. Made by the Kerk-Guild, Utica, N. Y., famous for the Lynda Lou Doll, the Soapy Circus, and other intriguing merchandise at astounding prices. Write for samples and full particulars.

KERK GUILD

THE LAMP STUDIO, UTICA, N. Y.

During the Toy Fair, February 9th to 28th, Winnie-the-Pooh Games will be displayed at our New York office in the showrooms of GEORGE S. HEINEMAN, Room 1005, 200 Fifth Avenue. Telephone Gramercy 5-6282.

WINNIE-THE-POOH

Comes to Life
as a

SOFT TOY

At Very Popular Prices

!! Fifty Million Dollars Can't be Wrong !!

(A) The Winnie-the-Pooh books have been read by millions, and are school text books, literature and best sellers.

(B) The appeal is both to the average child and the average adult.

(C) The twenty-five manufacturers of Winnie-the-Pooh merchandise, producing various items from soap to silver, do an annual business of $50,000,000.00.

The Market
Has Already Been Created
for

WINNIE-THE-POOH

The best known—Best Loved

BEAR

in the World

Made exclusively, under exclusive trade marks, and copyrights.
(Fully protected by STEPHEN SLESINGER, INC., N. Y.)
In numerous sizes and in assorted colors and materials
by

KING INNOVATIONS, Inc.

119 West 25th Street — PAT. PEND. — New York City

When writing to King Innovations Inc will you please mention PLAYTHINGS?

WINNIE-THE-POOH*

To Buyers:

Insist on all Winnie-the-Pooh merchandise bearing in plain view "Stephen Slesinger, Inc., N. Y." No other is genuine or authorized.

The artistic and literary values of the famous A. A. Milne books are recognized by authorities as being above comparison with other modern works.

Some merchandise may be vaguely reminiscent in style or design, but necessarily only the genuine can have the merit which buyers, parents and children will recognize.

To Manufacturers:

By contract with A. A. Milne and E. H. Shepard, respectively author and illustrator of Winnie-the-Pooh*, The House at Pooh Corner*, When We Were Very Young*, Now We Are Six*, The Christopher Robin* Story Book, and other works (Books copyright by E. P. Dutton & Co., Inc., N. Y.), Stephen Slesinger, Inc., N. Y., has acquired and is the sole owner of all rights of character reproduction and adaptation of Winnie-the-Pooh*, Christopher Robin*, Piglet*, Eeyore*, Tigger*, Kanga*, Roo*, Heffalump*, etc.

Trade Marks, Design Patents, Label Registrations and Copyrights have been fully protected on the above and additional properties.

Manufacturers of non-conflicting lines may learn full particulars regarding the Winnie-the-Pooh characters by communicating with

STEPHEN SLESINGER INC.

1440 BROADWAY NEW YORK

...GHTFUL XMAS GIFTS

...LLARD PENCIL CO. New York, N. Y.

...EW DRESSES . . . .
...FOR YOUR DOLLIE

...Box 480, Monroe, Louisiana

WINNIE-THE-POOH

Looks at life from this delightful child's plate in its gay, printed box. $1.25 at all infants' departments, or from

KRUEGER
... Fourth Ave. N. Y. C.
Department 10...

HEIDI

By Johanna Spyri

...Story for Children and ...hose Who Love Children

...s I read I knew that the end of the ...d had not come," says Rachel Field, ...g how she read HEIDI when everything ...ed to have gone wrong.

...is beautiful story has chased away the ... and brought sunshine to the hearts of ... and girls for over sixty years. The ... mountain air of Switzerland that ...hes in the pages of the book, lovable ... Heidi and her grandfather, Clara, ...dmother, Peter, and all the rest, have ...ured themselves to the hearts of sev... ...enerations of boys and girls.

...y last year Child Life readers over-...ingly chose HEIDI as their favorite ... from among a dozen of the most ...s classics for boys and girls.

...DI is one of the books in the *Winder-...eries of Young People's Classics.* It is ...ated in color and black and white by ...ei Wright Enright, and is beautifully ...l and bound. It is for sale at all book-...at $1.75. Or you can order it direct ...he publishers if you send an addi-...r cents to cover postage.

...l McNally & Company
Publishers
Dept. ...

...270 Madison Avenue, New York
536 South Clark Street, Chicago
559 Mission Street, San Francisco

YOU'LL find just what you want in the many Toys, Books, Games, and Gifts advertised in this issue of your magazine.

Don't hesitate to order by mail from any advertiser in CHILD LIFE for only reliable firms are permitted to use our advertising pages.

IVER JOHNSON WONDER WALKERS

BABY'S FAVORITE PLAYMATE
BRINGS
HEALTH AND HAPPINESS

Baby can Walk, Ride, Play or Slumber

WALKER, STROLLER AND GO-CART COMBINED

Model 945 Pullman Pilot

PERMANENTLY attached "Fifth" wheel or pilot enables baby to steer without danger of upsetting.

Large adjustable reclining back with easily cleaned upholstered slip cover. Upright for play time. Reclining for slumber time.

Patented all steel raising device permits three height adjustments to care for baby's growth.

Extended rubber covered bumpers prevent marring of furniture.

Seatboard has special rounded edge to prevent chafing of baby's legs.

Running gear gives balanced support, to eliminate tipping or upsetting.

Removable steel handle for using walker as a stroller or go-cart.

Rubber covered footrest—easily attached or removed. Rubber teething surface is an additional feature.

Seven other models—priced from $4.95 to $8.95. Finished in beautiful pastel shades. Outstanding features covered by U. S. Patents.

If your dealer cannot supply you, will ship direct from factory. Send for illustrated folder D.

IVER JOHNSON'S ARMS & CYCLE WORKS
10 River St., Fitchburg, Mass.
New York, 151 Chambers Street
Chicago, ...

BEST LOVED BEAR in the WORLD

WINNIE-THE-POOH*

... New York

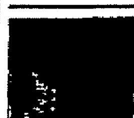
NEW-Driver's Lap Robe

An Ideal Gift for Men or Women!

CHILDREN SIMPLY ADORE
This Most Unusual Book—

In Your Home

PARAMOUNT MFG. CO.



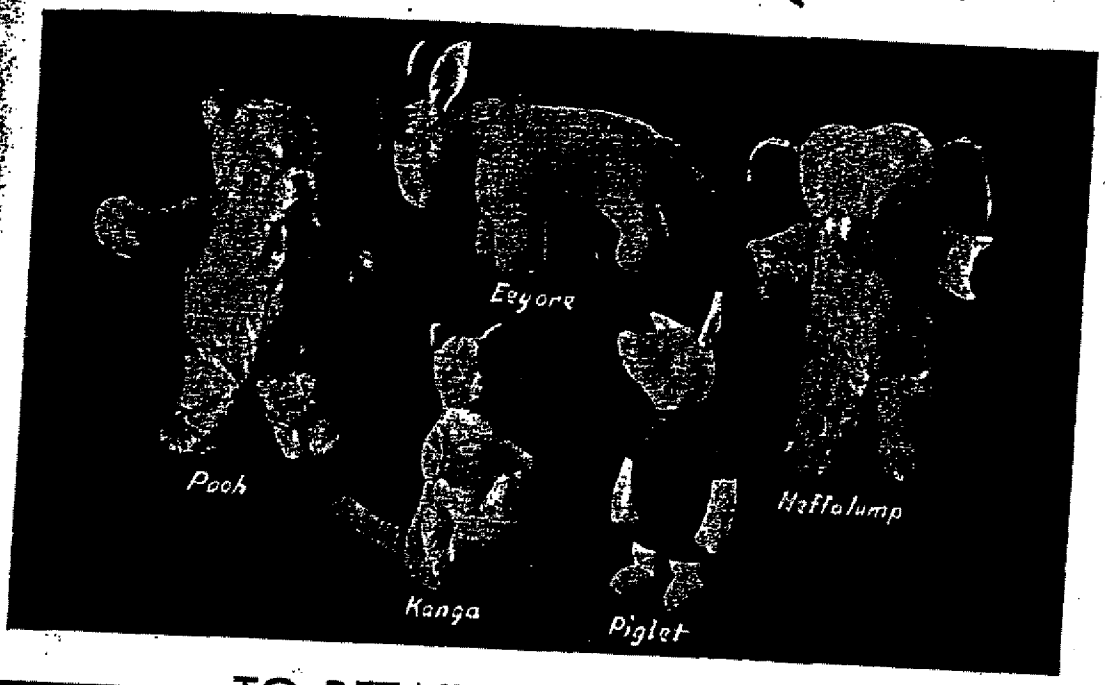
PEKINGESE

Imported Stock Only

Puppies All Colors and Sizes. $25.00 and Up.

Send for Pictures

Here They Are
THE FAMOUS CHARACTERS
from WINNIE-THE-POOH*



KINGKING ANIMALS

50c and $1.

What Kewpies are to dolls KingKing animals are to animals. Come as Elephant, Horse and Dog. Made of Jersey Cloth. Filled with finest Kapoc. Like Kewpies, they are soft, cuddly and light as a feather. Made in 3 sizes and 6 colors. Retail for 50c and $1. Exceptional value.

DETAILS FOR ORDERING

PIGLET. Made of Velveteen. 10" high. $1. retail.

EEYORE. Made of Velveteen. 8" high. $1.50. retail.

KANGA and ROO. Made of Velveteen. 9½" high. $1. retail.

HEFFALUMP. Made of Plush. 13" high. $1.50. retail.

WINNIE-THE-POOH. Made of Plush. 13" high. $1.50. retail.

COMPLETE SET. $6.50. Minimum shipment, 1 doz. assorted.

TO RETAIL AT $1. and $1.50

Complete Set of Five Can Be Sold for $6.50

Now ready! Ready for the Fall buying season. The famous characters in A. A. Milne's renowned books come to life.

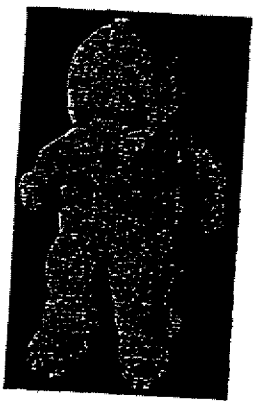
Cash in! These characters have become as popular as Mother Goose. Many states have adopted the books as first grade readers. Over a million copies sold in six years. Found in practically every library and bookstore. "Pooh's" sayings even appear on greeting cards, calendars, etc.

There is a real demand for the characters of these famous books. And here they are in stuffed toy form for the *first time.* Cash in!

These characters are stuffed with the finest Kapoc. Soft. Cuddly. Light as a feather. You can also order from us, at attractive discounts, the Milne books that made the characters famous. Thus make two sales and double profits. Write today for our complete catalog, prices and discounts. All items ready for immediate delivery.

KING
INNOVATIONS, INC.
119 WEST 25th STREET, NEW YORK

Manufacturers of Kewpie Dolls, Kewpie Stationery, KingKing Animals and the famous A. A. Milne characters—Piglet, Eeyore, Kanga, Heffalump and Winnie-The-Pooh.



ROSE O'NEILL'S

KEWPIES**

These imps of lovableness have become an American institution. Hardly anyone can *resist* their winsomeness. They open the purse strings because they tug at the heart strings.

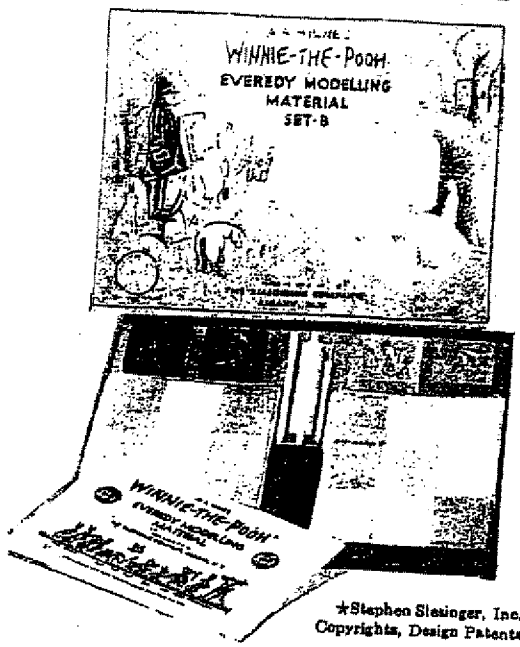
Soft. Cuddly. Light as a feather. Filled with finest Kapoc. Wide variety of sizes, colors, materials to retail from 50c up.

*Stephen Slesinger, Inc., N. Y. Fully protected by copyrights, design patents, trade-marks.

**Rose O'Neill's Kewpies are fully protected by copyright and U. S. Patents

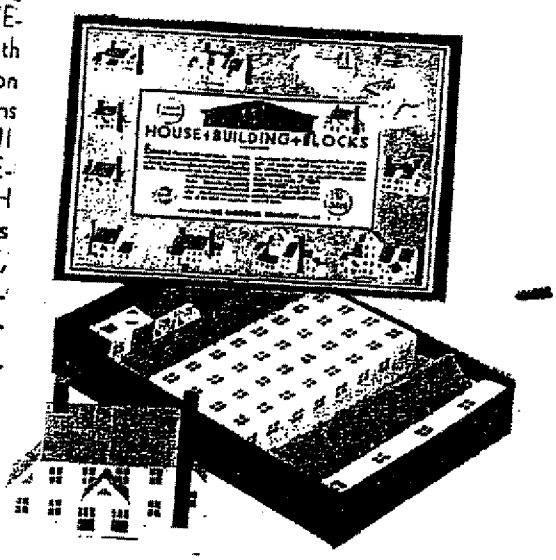
"TOYS THAT TEACH"—Happy Contented Children.

NEW NUMBERS



WINNIE-THE-POOH* MODELLING SETS

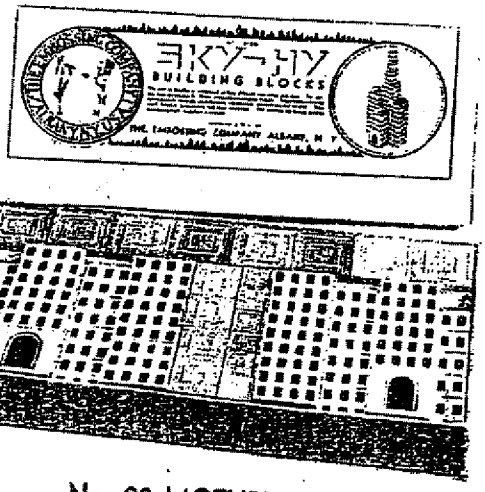
These sets are ideal for children. To make modelling more interesting and instructive we give in the booklet furnished with each set a story of interest to every child, and the models shown are characters from A. A. Milne's well-known WINNIE-THE-POOH. The sets contain a generous supply of modelling material, modelling tools, and a booklet containing the WINNIE-THE-POOH story with models. In addition each set contains moulds of well known WINNIE-THE-POOH characters. Sets to retail at 50¢, $1.00 and $2.00. $1.00 set illustrated.



*Stephen Slesinger, Inc., N. Y., Fully Protected by Copyrights, Design Patents, Trade Marks.

No. 3111 HOUSE BUILDING BLOCKS

This is a practical house building set containing only two different shapes in addition to fire-place and chimney blocks. Therein lies the secret of simple construction and educational value. Set to retail at $2.00.



No. 3105 SKY-HY BUILDING BLOCKS

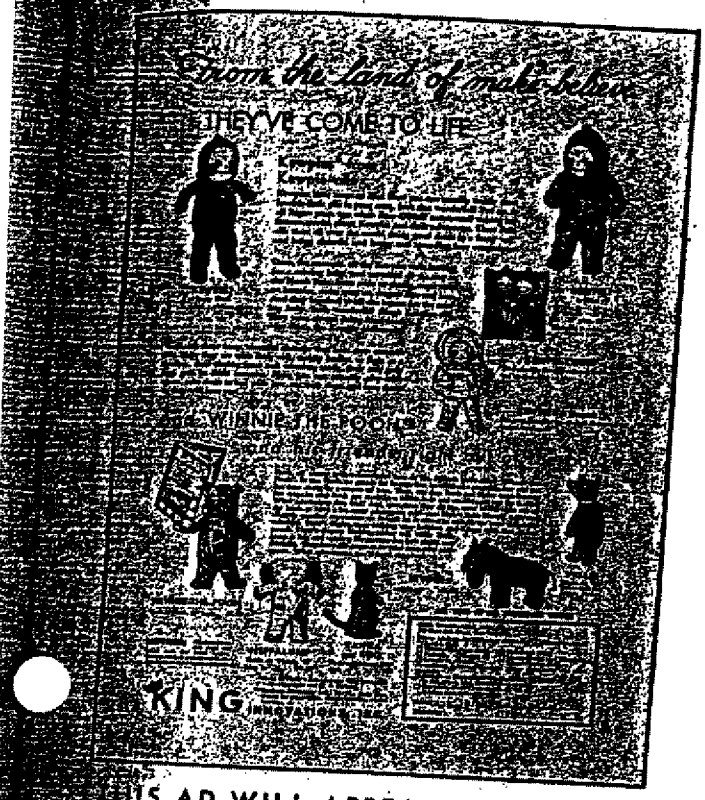
Sky-scrapers of many varieties can be built in the simplest manner with this set which contains cubes and roof pieces in four sizes. Unique centering feature for piling. Set to retail at $2.00.

No. 92 MOTHER GOOSE BLOCKS

The excellent sale on this item in 1930 indicates that there is a big demand for a high grade set of Toy Blocks with Mother Goose illustrations and rhymes. This set contains twenty 2-1/8" cubes embossed and printed in six colors. Each block contains a Mother Goose rhyme with the ends embossed with illustrations of the Rhyme. Sanitary washable finish. The sets are furnished in a cardboard box as shown in illustration, also in a substantial colored wagon. The set illustrated retails for $2.00.

And Now

KEWPIE and **WINNIE-THE-POOH



THIS AD WILL APPEAR IN 4 COLORS

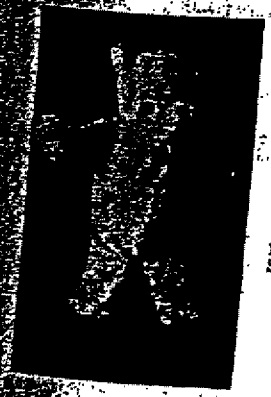
...the November and December issues of Junior Home. Other ... black and white ads will appear in Parents, Child Life and ... Martin's Book carrying the story of Kewpies and Winnie-Pooh into millions of homes.

NATIONALLY ADVERTISED TO MILLIONS *In* 4 COLORS

Into the homes of millions of little boys and girls during October, November and December, will go the story "From The Land of Make-Believe They've Come to Life." Here are Kewpies in all their cheerful, lovable, fun-giving moods. Kewpies in Plush, Kewpies in Jersey, Kewpies in Dresses and Kewpie Twins.

And here is Winnie-the-Pooh, too, and all his little friends right out of the book—Piglet, Eeyore, Heffalump and even Kanga and Roo. And, too, they all appear in full color exactly as they are in real life, all looking for new homes and new playmates. Ready to be loved, and fed and taken to bed by thousands of youngsters. Millions will see these ads. And, at these prices, thousands will want to buy. With products like these, popularly priced, and strongly advertised, you can't go wrong. Write for circular, promotional suggestions, and copies of this advertising. Be ready to cash in—this advertising starts October 25th.

*WINNIE-THE-POOH and HIS FRIENDS $1 and $1.50



Here in stuffed form beautifully made and colored are the famous characters from A. A. Milne's famous book, "Winnie-the-Pooh" which millions know and love so well.

Winnie-the-Pooh. Made in Plush. Color—golden brown. Size 13". Priced at $1.50.

Piglet. Made in yellow Velveteen with red Jersey jacket. Size 10". Priced at $1.

Eeyore. Made in gray Velveteen. Size 10½". Priced at $1.50.

Kanga and Roo. Made in tan and yellow Velveteen. Size 9½". Priced at $1.

Heffalump. Made in white and pink plush. Size 13". Priced at $1.50.

*WINNIE-THE-POOH

...Sheinwold Sleininger, Inc., New York, fully protected ... by copyrights, design patents, trade-marks.

*KEWPIES IN MANY FORMS FROM 50¢ UP

Known to millions through Rose O'Neill's famous stories and books. Loved by nearly every child and parent in America. Symbolic of cheerfulness, happiness, loveliness. Made of the finest materials, stuffed with Kapok that makes them so cuddly and soft.

Kewpies in Jersey Cloth. Come in red, blue, green, coral, yellow or pink. Sizes 8", 11", 14", 17", 21". Priced at 50c, $1, $1.30, $2, $2.50.

Kewpies in Plush. Come in white, rose, blue or yellow. Sizes 9", 12", 15", 18", 22". Priced at $1, $2, $3, $4, $5.

Kewpie Twins. Come in combinations of rose and blue. Size 8". Price, $1.25.

Kewpies in Dress. Come in six assorted styles. Size 11" high. Priced to retail at $2. each.

*KEWPIE

*Rose O'Neill's Kewpies are fully protected by copyright and U. S. Patents.

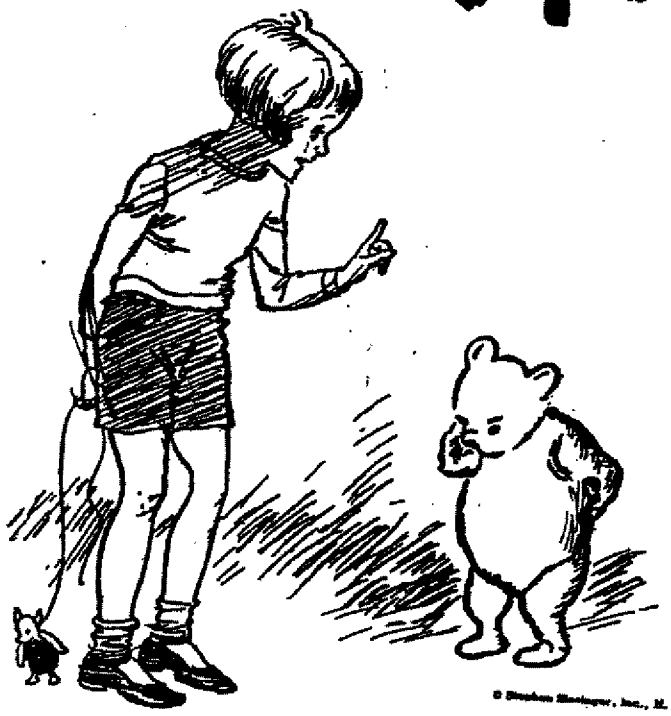
KING

INNOVATIONS, INC.

119 WEST 25th STREET NEW YORK

Immediate Delivery on All King Items

Songs of "WINNIE-THE-POOH"



A. A. Milne's famous "Pooh" and "When We Were Young" poems now put to music

THEY'RE new . . . they're unique . . . they're bound to sell like the proverbial hot cakes! At last, RCA Victor has recorded those delightful child poems . . . best sellers for years . . . *and is advertising them* in the early December issues of Fortune, The New Yorker, Time and National Geographic and in the November issues of Parents' Magazine and Child Life.

There are three records, the flexible type that are unbreakable. They come in a good looking, sturdy album in colors. Suggested list price, album complete, $1.25 (slightly higher west of the Mississippi). There is also a de luxe album of picture records—an entirely new type of record, with "Winnie-The-Pooh" pictures in *three* colors on both sides. Suggested list price, $2.00. And "Raggedy Ann" Sunny Songs album, suggested list price, $1.25. Look into these items. They help sales in your toy department.

Victor Records

RCA Victor Co., Inc., Camden, N. J.

Sole distributor to toy trade
The Strobel-Wilken Co., Inc., 33 East 17th St., N. Y.

Parents' Magazine ; November 1932 p. 52

THE PARTY OF THE MONTH

A WINNIE-THE-POOH PARTY

SUGGESTED INVITATION

Three cheers for Pooh!
For who?
For Pooh!
Why, what did he do?
I thought you knew—
He's planned a party just for you.
A party? Where?
The House of Bear.
With Kanga and Roo,
And Piglet, too.
And other good friends of Winnie-the-Pooh!
Time: Place R.S.V.P. to:

GAMES TO PLAY

Who's Who in Pooh-Land: One child, Christopher Robin, is blindfolded. Each other child receives a card, bearing the name of some one of Christopher's animal friends, such as Owl, Piglet, or Tigger. Christopher tries to catch someone, as in Blind Man's Buff. When he succeeds, he asks "Who are you?" The child caught tries to conceal his identity by making the characteristic noise of the animal he represents. Tigger will answer "Bow Wow," Piglet will squeal, Owl will hoot. If Christopher guesses his real name, the child caught becomes "It." The other children all exchange cards, and the game proceeds as before.

Heffalump Hunt: Elephant animal crackers (heffalumps) have been hidden by the hostess in advance, and the child who traps the greatest number of heffalumps wins the prize (a box of animal crackers).

Getting Honey from a Spelling Bee: Pass around papers with the following words, misspelled as they are in "Winnie-the-Pooh": Hipy Bthuthdy, Hunny, Pies cnoke, Rox, Frends and raletions, Aker, Piknicks, Missage, Bisy, Dicsovered. A small jar of honey is the prize for the child who writes all words correctly.

Eeyore's Tail: Children will love to play the old Donkey Game, when they can be Christopher Robin, tacking poor Eeyore's lost tail back in place.

Pooh's Sky-Balloon Race: The children race in pairs, tied together by the arm, leaving each child with one free arm. The race consists of running and keeping a balloon aloft. The race is run in heats, with two couples competing at a time. The course may be once or twice the length of the room, depending on its size, or the game can be played out-of-doors. The two winners may each receive a pencil-case, such as delighted Pooh-Bear on his birthday.

Music: There are Winnie-the-Pooh records—his own favorite songs, "Isn't It Funny?" "Sing Ho! for the Life of a Bear" and "Us Two." It's fun to watch the transparent records while they're playing (they come in black, too), because you can see, on both sides, colored pictures of Winnie-the-Pooh, Eeyore, Piglet, and Kanga and Roo. The records, which come in an album, can be played separately or in the order listed above, as there is a spoken continuity which gives the effect of a story.

DECORATIONS

Winnie-the-Pooh decorations, such as linen draperies, china, tablecloths and paper napkins, are carried in regular stock at many department stores. Besides these, the hostess may want to add a few details of her own. One suggestion is to have an open paper umbrella, with Christopher and Pooh sitting inside, in the center of the table. To make this more elaborate, other animals, such as Tigger, Piglet, Rabbit and his friends, may be scattered about.

When Youth Craves Adventure

(*Continued from page 51*)

T. Morris Longstreth's "Sons of the Mounted" (*Century*) are truthful books about an organization and a region which are generally abominably and ridiculously distorted in American fiction and motion pictures. Four lively books which open new trails for young readers are "Old Raven's World," by Jean Maury (*Little, Brown*), in which Indian myths are dramatically used; "The Parrot Dealer," by Kurt Wiese (*Coward-McCann*), a Brazilian story; "Young Fu," by Elizabeth Foreman Lewis (*Winston*) an absorbing Chinese story; "Sons of the Mounted" (*Century*) are truthful books about an organization and a region which are generally abominably and ridiculously distorted in American fiction and motion pictures. Four lively books which open new trails for young readers are "Old Raven's World," by Jean Maury (*Little, Brown*), in which Indian myths are dramatically used; "The Parrot Dealer," by Kurt Wiese (*Coward-McCann*), a Brazilian story; "Young Fu," by Elizabeth Foreman Lewis (*Winston*) an absorbing Chinese story; Anne Carroll Moore, contain suggestions for parents.

Any list must necessarily be tinged with the compiler's individual temperament. But every reader will find, on this list, moments of pure beauty such as Mary's ride among the straggling, storm-blinded buffalo in "The Willow Whistle," and "After School," a brief book which is itself a moment of beauty; the emotional projection of an atmosphere, as in "Land Spell" and "Loud Sing Cuckoo"; appealing authentic portraits like "Lin-

The Parker Games

The most famous and largest selling games in the world

NEW—Immensely Popular

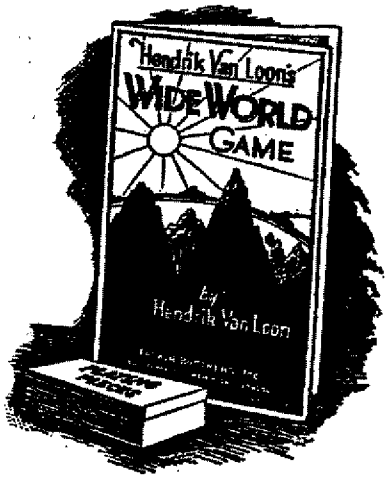
WINNIE-THE-POOH

By A. A. MILNE

A brand new kind of board game for little tots, based on A. A. Milne's fascinating story. The best game in years for little children . . . . . **Retails for $1.00**

HENDRIK VAN LOON'S

WIDE WORLD GAME



...cious new travel game, in which the players visit all ... the world. Mr. Van Loon's unique pictorial map, ... by the author himself, makes this one of the out-... games of the year . . . . **Retails for $1.50**

THE REAL BUSINESS YEAR HAS NOW BEGUN

See our Complete Line at the Flatiron Building

PARKER BROTHERS, Inc.

SALEM, MASSACHUSETTS and FLATIRON BUILDING, NEW YORK

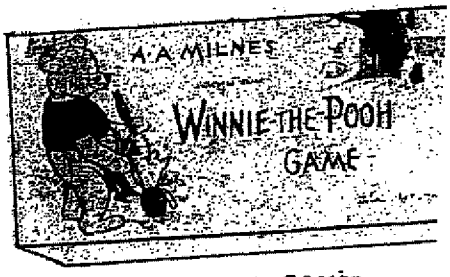
When writing to Parker Brothers, Inc. ...

WINNIE-THE-POOH

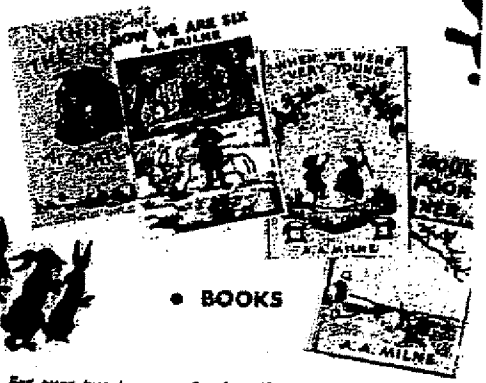
The LOVABLE Character *with the* WINNING SALES Appeal

For great charm, whimsy, and a devotedly loyal following use WINNIE-THE-POOH and his friends on your juvenile merchandise. Over 3,000,000 A. A. Milne, WINNIE-THE-POOH books have been sold. These inimitable and immortal Milne classics, with the Shepard drawings, are required reading in many schools. Columbia, RCA Victor, and Decca have sold millions of WINNIE-THE-POOH record albums. Children and adults alike love WINNIE-THE-POOH merchandise.

• RECORDS



• GAMES



• BOOKS

For over twenty years Stephen Slesinger's "character" merchandising plan has included:

EXCLUSIVE FRANCHISES • PUBLIC RELATIONS • PRODUCT PROMOTIO ADVERTISING COORDINATION • PRODUCT DESIGN AND ART

Write today for complete details to: JOHN F. HOWELL, Sales Mana

Stephen Slesinger, Inc.

247 PARK AVE N Y 17 N Y • Eldorado 5-7544 • Cable "STEPSING N Y"

Exhibit 4

AGREEMENT

AGREEMENT made this 1 day of April, 1983, between STEPHEN SLESINGER, INC., a New York corporation (hereinafter referred to as "Slesinger"), WALT DISNEY PRODUCTIONS, a California corporation (hereinafter referred to as "Disney"), CHRISTOPHER R. MILNE (hereinafter referred to as "Milne"), and MICHAEL J. BROWN, PETER JANSON-SMITH, ROGER H. MORGAN, and DAVID M. CAREY, trustees for the Pooh Properties (hereinafter referred to as "Trustees").

WHEREAS, A.A. Milne and Stephen Slesinger entered into an agreement dated 6 January 1930, as amended, (the "1930 Agreement") wherein the former granted to the latter certain rights relating to works containing, inter alia, the WINNIE THE POOH character more fully described below.

WHEREAS, by virtue of an assignment to it, Stephen Slesinger, Inc. became the sole owner of all rights acquired under the said 1930 Agreement.

WHEREAS, Slesinger assigned those rights it had acquired from A.A. Milne to Disney by agreement dated 14 June 1961 (the "1961 Agreement").

WHEREAS, by virtue of the Assignment dated 25 May 1972 the THEN Trustees OF THE Pooh Properties Trust became the owner of the copyrights to the Pooh Properties and the benefits of the 1930 Agreement.

WHEREAS, the Trustees are the present trustees of the Pooh Properties Trust.

WHEREAS, the parties have determined to resolve certain disputes which have heretofore existed between them and in so doing have resolved to clarify certain aspects of their contractual arrangements and to settle revised agreements.

WHEREAS, Milne may have a potential right under Section 304(c) of the 1976 Copyright Act (Title 17, United States Code) to terminate both the 1930 Agreement and the 1961 Agreement referred to above, but if and to the extent that he may have such a potential right he has resolved by agreement with the Trustees not to exercise such right.

WHEREAS, the parties are agreeable to the revocation of and the parties are desirous of revoking the said prior agreements and Slesinger and Disney are desirous of entering into a new agreement for the future which the parties believe would not be subject to any right of termination under 17 U.S.C. Secs. 203 or 304(c).

WHEREAS, the Trustees are of the opinion that the beneficiaries under the Pooh Properties Trust may benefit from the consumation of a new agreement between Disney and Slesinger (as set forth herein) due to the willingness of Disney to amend simultaneously herewith an existing agreement dated 14 June 1961 between Disney and the predecessors of the Trustees.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the parties hereto do hereby agree as follows:

1. The agreement dated 6 January 1930 between A.A. Milne and Slesinger's predecessor, and any amendments thereto including without limitation those dated 20 June 1932 and 19 September 1932, are hereby revoked.

2. The agreement dated 14 June 1961 and any amendments thereto between Slesinger and Disney are hereby revoked.

3. The "work" herein referred to refers to the following (including the title, illustrations and complete contents thereof):

The books written by Alan Alexander Milne, published by Methuen and Company, Ltd. and E.P. Dutton and Company, Inc. and entitled WINNIE THE POOH and THE HOUSE AT POOH CORNER;

The collections of verse written by Alan Alexander Milne, published in book form by Methuen and Company, Ltd. and E.P. Dutton and Company Inc. and entitled WHEN WE WERE VERY YOUNG and NOW WE ARE SIX.

4. (a) The Trustees hereby assign, grant, and set over unto Slesinger all of the rights in and to said work which were transferred to Stephen Slesinger (and his successor in interest) pursuant to the now revoked agreement dated 6 January 1930, as amended from time to time.

(b) To the best of the knowledge of the Trustees, they are the only party that owns the rights granted in Sub-paragraph 4(a) and that they have the right to grant such rights. The Trustees hereby represent and warrant that they are aware of no other party who owns said rights and that they have not transferred said rights to any party other than Slesinger.

5. Except as is provided in Paragraph 6 below, Slesinger warrants and represents that, by virtue of the revocations in Paragraphs 1 and 2 hereof and the grant in Paragraph 4 hereof, Slesinger has been granted herein the sole and exclusive radio and television rights in the United States and Canada in and to said "work"; as well as various further rights in and to said "work" which include the exclusive right in the United States and Canada to use, or license the use of, the characters and illustrations from the said "work" in, on or in connection with various articles of merchandise; that it has the right to enter into this Agreement; that it has the right to grant the rights herein granted Disney; and that it has engaged in no act to render the rights granted Disney herein invalid or impaired.

6. (a) Except for certain rights granted to others to make and distribute records respecting reproductions of dramatizations of the "work" (but not Disney's version thereof), granted prior to June 14, 1961, Slesinger has not heretofore granted rights to any person which are currently effective, and which are inconsistent with the rights described in Paragraph 5

above. Notwithstanding the foregoing, Slesinger shall have no liability or responsibility under Paragraph 5 above, (i) in respect to any contract, cause of action, claim, demand, right or interest possessed or claimed by any other person arising out of the actions or conduct of any party to this Agreement, other than Slesinger, or a predecessor in interest, subsidiary or affiliate of any such other party to this agreement, and (ii) in respect to rights as shall have been held by Dorothy Daphne Milne, or the Estate of Alan Alexander Milne, deceased, or those claiming from either or both of them.

(b) Disney represents and warrants to Slesinger that, except in the event of a breach by Slesinger of its representations and warranties above, or an effective recapture of copyright rights pursuant to Section 304(c) of the 1976 Copyright Act, Title 17, United States Code, or by some other reversion of rights, Disney will continue as long as this Agreement remains valid to make payments pursuant to this Agreement to Slesinger as called for herein for and as long as it makes payments to Trustees (for the exercise of the same rights as are granted herein) under the 14 June 1961 agreement between Disney and Trustees' predecessors in interest, as previously and concurrently herewith amended (but not in countries after the work has fallen there in the public domain).

7. Slesinger hereby assigns, grants, and sets over unto Disney the sole and exclusive right in the United States and Canada to project, exhibit and broadcast visually and audibly

any motion picture or motion pictures based in whole or in part upon the "work" hereinabove described, or any parts thereof, by means of the medium known as television or by any process now known or hereafter devised analogous thereto, as well as the right so to project, exhibit and broadcast by radio and television live shows based on said "work," subject to the terms of Paragraph 9.

8. In addition, Slesinger hereby assigns, grants, and sets over unto Disney all of the further rights in and to said "work" which are set forth in Paragraph 6 hereof, subject to the terms of Paragraphs 10 and 11.

9. In consideration of the grant made in Paragraph 7 hereof and in further consideration of the warranties and representations made in Paragraph 5 hereof, Disney agrees to pay to Slesinger the following amounts:

(a) If (i) Disney shall cause a motion picture or motion pictures (whether on film or on tape or otherwise) or a live-action show or live-action shows, based upon said work or any part thereof or upon all or any part of Disney's adaptations or versions of the work, to be exhibited on television and if more than three such programs shall have been telecast (the repeat of a program not being deemed a new program) or if (ii) the total running time of said motion picture or motion pictures or show or shows so telecast shall exceed two hours, then Disney shall pay to Slesinger, for each new program so

telecast after the happening of the first in point of time of said contingencies, the following amounts:

If the length of the program is one-half hour or less:

$125. for the first run;

$ 50. for the second run;

$ 25. for the third run;

Nothing for further runs.

If the program has a length of more than one-half hour but not more than one hour:

$250. for the first run;

$125. for the second run;

$100. for the third run;

Nothing for further runs.

If the said program shall exceed one hour, a further payment shall be made for such excess at the proportionate rates prescribed above.

For the purpose of this paragraph the telecasting of any such program shall be deemed to be in its first run when it has been telecast for the first time on any station in any city; and it shall be deemed to be in its second run when it has been telecast for the second time on any station in any city; and it shall be deemed to be in its third run when it has been telecast for the third time on any station in any city.

(b) If Disney shall make, for exhibition in motion picture theatres, any feature-length motion picture sequel to the work, and if such sequel or any part thereof shall be shown

on television, then and in that event Disney shall pay Slesinger the additional sum of Eighteen Hundred Seventy-five Dollars ($1,875.00). This provision will not interfere with the applicability of Subparagraph 9(a) hereof.

(c) The rights granted hereunder are subject to such television rights to the work granted National Broadcasting Company prior to 14 June 1961.

10. (a) In consideration of the grant in Paragraph 8 hereof and in further consideration of the warranties and representations made in Paragraph 5 hereof, Disney agrees to pay to Slesinger a sum of money equivalent to the percentages listed in Sub-paragraph 10(b) of the gross amounts actually received by Disney, an affiliated company, or by any person or party in its behalf from the manufacture, publication, sale and/or other commercialization, anywhere in the world, and/or from the lease or license to manufacture, publish, sell and/or otherwise commercially to exploit, anywhere in the world, any and all items, things and services (including without limitation, toys, puppets, fabrics, wall paper, other materials, dolls, games, puzzles, novelties, food products and/or services, books, children's story books, picture books, paint books, coloring books, comic books, cut-out books, novelty books, game books, puzzle books, magazines, booklets, pamphlets, greeting cards, other publications, comic strips, comic pages, phonograph records or other reproductions of dramatizations of Disney's version(s) and/or treatment(s) of

the work, but excepting, however, composite comic magazines, such excepted composite comic magazines being those which usually contain not only comic material taken from the work or from Disney's version thereof, but also other separate and distinct comic features, and excepting further motion picture films, grand performance rights, dramatic rights, stage, theatrical, television, radio and circus rights, and all motion picture and music rights and uses) which employ or use or which are taken from or which are based upon any of the characters, material or titles of the work or any part thereof, and/or which employ or use or are taken from or based upon any of the characters, material or title(s) of any of Disney's motion picture, television or other versions, adaptations or treatments of the work or any part thereof. As used in this Paragraph 10, "affiliated company" shall mean a parent company, a subsidiary of Disney or a parent company, or a company owned in part by Disney, a parent of Disney, or any of their subsidiaries. As to that portion of an "affiliated company" not owned by Disney, a parent of Disney, or any of their subsidiaries (hereinafter "third party interest"), Disney agrees with regard to the work to license each such partially owned affiliated company at a royalty rate not less than the normal rate charged by Disney for similar licenses with unaffiliated companies, multiplied by the percentage of the third party interest in that affiliated company. As to that portion of an affiliated company that is owned by Disney, a

parent of Disney, or any of their subsidiaries (hereinafter "Disney interest"), Disney agrees to pay Slesinger the applicable amounts under Subparagraph 10(b) hereof for retail and wholesale sales by Disney, multiplied by the percentage of the Disney interest in that affiliated company.

(b) The amounts payable Slesinger under Sub-paragraph 10(a) hereof shall be as follows:

(1) As to the statement rendered by Disney for accounting period beginning 1 January 1982 and ending approximately 3 April 1982, Disney agrees to pay Slesinger the additional amount of Twenty-one Thousand Six Hundred Eighty-One Dollars and Forty-six Cents ($21,681.46).

(2) As to the statement rendered by Disney for the accounting period beginning on 4 April 1982 and ending approximately 30 September 1982, the following percentages:

(i) Four and sixty-one one hundredths percent (4.61%), except as to those items covered under Subparagraphs 10(b)(2)(ii), (iii), (iv) and (v), and

(ii) Four and forty-six one hundredths percent (4.46%) for licensed publications and licensed phonograph records or other reproductions of dramatizations of Disney's version(s) and/or treatment(s), except as to

those items covered under Sub-paragraphs 10(b)(2)(iv) and (v), and

(iii) Two and seventy-seven one hundredths percent (2.77%) for phonograph records or other reproductions of dramatizations of Disney's version(s) and/or treatment(s) sold by Disney or an affiliated company, except as to those items covered under Subparagraphs 10(b)(2)(ii) and (iv).

(iv) Two and forty-six one hundredths percent (2.46%) for educational related articles of merchandise, publications and phonograph records produced for and marketed to educational institutions, and

(v) Two and forty-six one hundredths percent (2.46%) of fifty percent (50%) of the retail prices of articles of merchandise and publications sold at the retail level, or two and forty-six one hundredths percent (2.46%) of the wholesale prices of such items sold at the wholesale level, by Disney or one of its affiliated companies, except as to those items covered under Sub-paragraphs 10(b)(2)(iii), and (iv).

(3) As to statements rendered by Disney for accounting periods on and after approximately 1 October 1982, the following percentages:

(i) Two and one-half percent (2.5%), except as to those items covered under Sub-paragraphs 10(b)(3)(ii), (iii), (iv) and (v), and

(ii) Two and forty-two one hundredths percent (2.42%) for licensed publications and licensed phonograph records or other reproductions of dramatizations of Disney's version(s) and/or treatment(s), except as to those items covered under Sub-paragraphs 10(b)(3) (iv) and (v), and

(iii) One and one-half percent (1.5%) for phonograph records or other reproductions of dramatizations of Disney's version(s) and/or treatment(s) sold by Disney or an affiliated company, except as to those items covered under Sub-paragraphs 10(b)(3)(ii) and (iv).

(iv) One and thirty-three one hundredths percent (1.33%) for educational related articles of merchandise, publications and phonograph records produced for and marketed to educational institutions, and

(v) One and thirty-three one hundredths percent (1.33%) of fifty percent (50%) of the retail prices of articles of merchandise

and publications sold at the retail level, or one and thirty-three one hundredths percent (1.33%) of the wholesale prices of such items sold at the wholesale level, by Disney or one of its affiliated companies, except as to those items covered under Sub-paragraphs 10(b)(3)(iii) and (iv).

(c) With regard to license agreements entered into after the date of this agreement, Disney agrees to require contractually all of its licensees, to obligate its affiliated companies to require contractually all of their licensees, and to engage its best efforts to obligate its independent marketing licensees to require contractually all of their sublicensees, to account separately for all articles of merchandise, publications, and phonograph records containing the work or any part thereof. With regard to existing license agreements, Disney agrees to engage its best efforts and to take reasonable steps to make sure that all of its licensees, as well as the licensees and sublicensees of its affiliated companies and its independent marketing licensees, to so account separately. In the event that despite Disney's efforts statements of any of such licensees or sublicensees do not so separately account, Disney agrees to utilize generally accepted accounting principles in allocating appropriate amounts in such statements so that the royalty obligations in this agreement may be met.

11. If in any calendar year the amount paid to Slesinger, by virtue of Paragraph 10 hereof or by virtue of any advances with respect thereto, shall be less than Three Thousand ($3,000.00) Dollars, Slesinger and Trustees may jointly, by written notice to Disney, elect to reacquire jointly the rights granted under Paragraph 8 hereof effective three (3) months after the giving of said notice of election; provided that Disney may prevent the reacquisition of said rights by Slesinger and Trustees so long as Disney (within three (3) months after the giving of said notice and, in subsequent years, within three (3) months after the ending of the preceding year) pays to Slesinger the amount by which Three Thousand ($3,000.00) Dollars exceeds the amount so paid to Slesinger for said year and provided that the reacquisition of said rights by Slesinger and Trustees shall not affect or impair any license agreement theretofore entered into by Disney or Slesinger's rights under Paragraph 10 insofar as each such last mentioned license agreement is concerned. The sums so paid shall be deemed advances to Slesinger of the moneys which will become payable to Slesinger by virtue of Paragraph 10 hereof; and the first moneys so payable to Slesinger by virtue of said Paragraph 10 hereof shall be retained by Disney until the amounts so retained shall equal the amount so advanced.

12. Disney, so long as moneys shall become payable by Disney pursuant to Paragraphs 9 and 10 hereof, shall render semi-annual statements to Slesinger within forty-five (45) days

after the end of each half of the calendar year (or each half of an accounting year) showing the amounts which became payable to Slesinger during the preceding half and showing how said amounts were computed; and said statements shall be accompanied by payment of the amount due from Disney to Slesinger.

Disney will keep accurate and complete books and records relating to the transactions with respect to which moneys will become payable to Slesinger; and Disney will, at reasonable intervals and during Disney's regular business hours and upon Slesinger's written request at least four (4) business days in advance, permit representatives of Slesinger to inspect such books and records and to make extracts therefrom with relation to said transactions. Any such audit shall be at Slesinger's sole expense, except that if the audit reveals and it is determined that Slesinger is entitled to additional payments in respect of prior periods equal to ten percent (10%) or more, greater than the amounts theretofore paid by Disney to Slesinger, Disney shall pay the cost of the audit.

13. Slesinger is familiar with the terms of an agreement entered into between Disney and the predecessors in interest of the Trustees, dated 14 June 1941, and is further familiar with the terms of an amendment thereto executed concurrently herewith between the Trustees and Disney. Slesinger hereby agrees not to assert against Disney any right in conflict with such rights as are acquired by Disney under said agreement,

provided, however, that none of the Slesinger's rights under its own agreement with Disney is in any way impaired.

14. In addition to the foregoing, if Disney shall cause a show or shows (whether live or recorded), based upon said work or any part thereof or Disney's adaptations or versions thereof or any part thereof, to be broadcast on radio, then the same payments shall be made by Disney to Slesinger as if the said programs were television programs and subject to the conditions of sub-division (B) of Paragraph 9 hereof; except that the payments made for such radio broadcasts shall be one-tenth (1/10) of the amounts payable for the comparable television broadcasts. Disney shall not be liable, however, to make such payments with respect to radio broadcasts made for exploitation purposes (where Disney is not paid for the broadcast) or with respect to the broadcasting of songs from Disney's motion picture version of said work or from broadcastings made on radio of phonograph records which are offered for sale to the general public.

15. Upon the expiration or earlier termination of this agreement or the reacquisition of rights under Paragraph 11, the rights granted Disney under Paragraphs 7 and 8 shall vest in the Trustees and Slesinger jointly. In such event, Trustees and Slesinger hereby agree that each will not exercise any or all of those reverted rights without the written consent of the other.

16. The Trustees represent and warrant that they have the full right power and authority to enter into this agreement. The Trustees make no representations, warranties, or covenants of any kind or nature except as expressly set forth in this instrument. In the absence of bad faith, the liability of the individual trustees shall be limited to the assets of the Pooh Properties Trust and no trustee shall have any personal liability.

IN WITNESS WHEREOF the parties have duly executed these presents the day and year first above written.

Executed this 1 day of April, 1983, at Burbank.

STEPHEN SLESINGER, INC.

By _____
Name:
Title: Pres.

Executed this 31st day of MARCH, 1983, at BURBANK.

WALT DISNEY PRODUCTIONS

By _____
Name: VINCENT H. JEFFERDS
Title: SENIOR VICE PRESIDENT
WALT DISNEY PRODUCTIONS

Executed this 17th day of March, 1983, at Dartmouth.

_____
CHRISTOPHER R. MILNE

"TRUSTEES"

Executed this 21st day of March, 1983, at London, Eng.

M.J. Brown
MICHAEL J. BROWN

Executed this 18th day of March, 1983, at London.

Peter Janson-Smith
PETER JANSON-SMITH

Executed this 21st day of March, (1983) at London, Eng.

Roger H. Morgan
ROGER H. MORGAN

Executed this 21st day of March, 1983, at London, Eng.

D.M. Carey
DAVID M. CAREY

EXHIBIT 5

AGREEMENT

THIS AGREEMENT ("Agreement") is made November 4, 2002, by and among Clare Milne, an individual and resident of England ("Grantor") by and through Michael Joseph Coyne as her receiver ("Receiver") under the Mental Health Act 1983 in England and Wales, Disney Enterprises, Inc., a Delaware corporation ("Disney"), and Michael Joseph Coyne, an individual and resident of England:

RECITALS

A. A.A. Milne authored the works "WINNIE-THE-POOH," "THE HOUSE AT POOH CORNER," "WHEN WE WERE VERY YOUNG," and "NOW WE ARE SIX" (collectively the "Works").

B. The Works contain the following principal characters: Winnie-the-Pooh, Young Christopher Robin, Adult Christopher Robin, Eeyore, Owl, Piglet, Rabbit, Kanga, Roo and Tigger (collectively the "Pooh Characters").

C. Grantor is the sole granddaughter of A.A. Milne. Receiver is Grantor's receiver under the Mental Health Act 1983 in England and Wales.

D. Pursuant to an agreement dated January 6, 1930 between A.A. Milne and Stephen Slesinger, as amended and purportedly reconfirmed, A.A. Milne granted Stephen Slesinger certain rights in and to the Works (the "Slesinger Rights").

E. Pursuant to an agreement dated June 14, 1961 between Stephen Slesinger, Inc. (as successor in interest to Stephen Slesinger) and Walt Disney Productions (predecessor in interest to Disney), as amended and purportedly reconfirmed, Stephen Slesinger, Inc. licensed the Slesinger Rights to Walt Disney Productions. All references to Stephen Slesinger, Inc. in this Agreement shall be deemed to include any of its successors or assignees (other than Disney or any parties to the 2001 Agreement referred to in Recital L below).

F. Grantor has executed a notice of termination (the "Grantor Notice") and has served the Grantor Notice earlier today, November 4, 2002, upon Stephen Slesinger, Inc. and upon Disney (f/k/a Walt Disney Productions). Harriet Jessie Minette Hunt ("Hunt") has executed a notice of termination (the "Hunt Notice") and has served the Hunt Notice earlier today, November 4, 2002, upon Stephen Slesinger, Inc., upon Disney (f/k/a Walt Disney Productions) and upon the Pooh Properties Trust. The Grantor Notice and the Hunt Notice are collectively referred to herein as the "Notices." The rights effectively terminated by the Notices in the United States and its territories and possessions ("U.S. Territory") effective November 5, 2004 (the "Effective Date") are referred to herein as the "Reverted Rights." The rights effectively terminated by the Grantor Notice in the U.S. Territory effective on the Effective Date are referred to herein as the "Grantor Reverted Rights."

G. Grantor will duly file the Notices in the United States Copyright Office.

H. Such service and filing of the Notices, together with reversion by operation of law of the Reverted Rights, is referred to herein as the "Termination."

I. The parties believe that the Termination is valid, effective, and enforceable in all respects, and will operate to preclude any further obligations of Disney to Stephen Slesinger, Inc. with respect to the Reverted Rights as of the Effective Date. Nevertheless, the parties acknowledge that the validity of the Termination and the effect of the Termination on Disney's obligations to Stephen Slesinger, Inc. could be contested and litigated ("Termination Litigation").

J. As used in this Agreement, the term "Judgment" means the entry of a final judgment by a court of competent jurisdiction not capable of or subject to appeal and is deemed to occur on the date of such entry. As used in this Agreement, the term "Settlement" means an agreement substantially concluding the matters in dispute between the parties to such dispute, and is deemed to occur on the date of execution of such agreement or, if not executed, assent of record to its terms. A Judgment in any Termination Litigation establishing that the Termination is at least partially effective as between the rights of Stephen Slesinger, Inc. and Grantor, as well as with respect to the grant from Grantor to Disney hereunder, is referred to herein as "Judgment of Effective Termination." A Judgment establishing that the Termination is completely ineffective as between the rights of Stephen Slesinger, Inc. and Grantor, as well as with respect to the grant from Grantor to Disney hereunder, is referred to herein as "Judgment of Ineffective Termination." A Judgment in any Termination Litigation not occurring after Settlement of such Termination Litigation that does not declare (i) at least partial effectiveness of the Termination or (ii) complete ineffectiveness of the Termination shall not be deemed a Judgment of Effective Termination or a Judgment of Ineffective Termination.

K. The case currently captioned Stephen Slesinger, Inc. v. The Walt Disney Company, Superior Court of the State of California, County of Los Angeles, Case No. BC022365 ("Slesinger v. Disney") is currently being litigated. Judgment in Slesinger v. Disney is referred to herein as "Slesinger Judgment." Settlement in Slesinger v. Disney is referred to as "Slesinger Settlement."

L. Pursuant to an agreement dated March 6, 2001 between Grantor (as beneficiary) and certain other parties ("2001 Assignors") on the one hand, and Disney on the other hand ("2001 Agreement"), Disney was granted certain rights ("2001 Rights"). It is not intended hereby to vary the terms of the 2001 Agreement.

M. Notwithstanding that Termination relates only to rights under United States law, Disney hereby agrees to pay Royalties (as defined below) to Grantor, subject to the terms and conditions of this Agreement, on sales or licensing in territories outside the U.S. Territory.

N. The outcome of Eldred v. Ashcroft, a case currently pending before the United States Supreme Court ("Eldred"), may cause any or all of the Works to enter the public domain in the U.S. Territory prior to ninety-five (95) years after the date statutory copyright was originally secured in each Work.

O. Judgment in Eldred is referred to herein as "Eldred Finality." Eldred Finality may occur before, on or after the Effective Date. Following Eldred Finality, the parties shall obtain the written opinion of legal counsel acceptable to the parties as to whether the Works are in the public domain or will be in the public domain in the U.S. Territory as of the Effective Date, which opinion shall be deemed to occur on the date such opinion is issued ("Eldred Evaluation"), and such counsel's fees and expenses shall be paid by Disney. If the parties cannot agree upon the identity of such legal counsel, then the selection of such legal counsel shall be determined by the arbitrator in accordance with Subsection 9.14.

NOW, THEREFORE, for good and valuable consideration, the parties hereto agree as follows:

1. Stipulations and Acknowledgments.

1.1 The parties acknowledge that third parties may pursue litigation (other than Eldred) that results in a Judgment specifically declaring that some or all of the Works or parts, characters, illustrations or elements thereof are in the public domain in the U.S. Territory, and that such Judgment could affect Disney's obligations to render payments to Grantor after the Effective Date. Disney shall exercise good faith efforts to oppose claims in such litigation that the Works or parts, characters, illustrations or elements thereof are in the public domain in the U.S. Territory.

1.2 The parties shall move expeditiously to commence or otherwise engage in Termination Litigation.

1.3 The parties acknowledge and agree that Disney is the "successor in title" to Stephen Slesinger and Stephen Slesinger, Inc., as that term is used in Section 304(c)(6)(D) of Title 17, United States Code. The parties further acknowledge and agree that this Agreement is "made . . . after the notice of termination has been served" as that phrase is used in Section 304(c)(6)(D) of Title 17, United States Code.

2. Grant of Rights.

2.1 Grant.

2.1.1 Subject to the terms and conditions of this Agreement (including Subsections 2.1.3 and 2.3), Grantor hereby irrevocably and exclusively grants, assigns and sets over to Disney the Grantor Reverted Rights effective as of the Effective Date.

2.1.2 Subject to the terms of this Agreement (including Subsections 2.1.3 and 2.3), Grantor also hereby irrevocably and exclusively grants, assigns and sets over to Disney the Additional Rights (as defined below), if and to the extent Grantor may have same (and as to which Grantor makes no claim, representation or warranty), effective as of the Effective Date. The "Additional Rights" are the rights to create, reproduce and manufacture anywhere in the universe, and to market, sell, lease, exhibit, perform, broadcast, transmit, and otherwise exploit in the U.S. Territory (i) all types of products, items, articles and merchandise, whether tangible or intangible (including but not limited to theme park rides and attractions, toys, puppets, fabrics, wall paper, other materials, dolls, games, puzzles, novelties, food products and/or services, books, children's story books,

picture books, paint books, coloring books, comic books, cut-out books, novelty books, game books, puzzle books, magazines, booklets, pamphlets, greeting cards, other publications, comic strips, comic pages and household goods) and (ii) all audio, audiovisual, video, graphic, sculptural, pictorial and multi-media portrayals, renditions, versions and other derivative works, and reproductions and copies thereof in all media, formats, platforms, methods and modes of delivery, exhibition, distribution, transmission, performance and/or exploitation by any and all devices in all languages now or hereafter known (including but not limited to motion pictures, television programs, radio broadcasts, transmissions and broadcasts over the Internet or other public or private computer networks, videocassettes, video discs, DVD, video on demand, near video on demand, compact discs, other discs, CD ROM, CDI, cartridges, computer games in any form, video games in any form, software in any form, tapes, phonograph records, stage plays (including dramatic and musical stage plays), circuses, appearances and live performances of any kind), that employ or use or which are derived or taken from or which are based upon any of the Pooh Characters or illustrations or elements thereof or any of the titles, names, characters, plots, scenes, situations, stories, incidents, illustrations of the Works or any parts thereof, and/or which employ or use or are taken from or based upon any of the titles, names, characters, plots, scenes, situations, stories, incidents, illustrations or any other parts or elements of any of Disney's motion picture, television, radio, textual, pictorial, audio, audiovisual, video or other versions, adaptations or treatments of or derivative works based upon the Works or any part thereof, except (x) the Excepted Rights as defined in Subsection 2.1.3 below, (y) the 2001 Rights and (z) the Reverted Rights. The Grantor Reverted Rights together with the Additional Rights are referred to herein as the "Granted Rights."

2.1.3 The "Excepted Rights" not assigned hereby consist of those designated as "Reserved Rights" in the 2001 Agreement together with all other rights reserved in the 2001 Agreement including but not limited to those set forth in Clause 2.4 thereof (not including any rights previously granted to Stephen Slesinger and/or Stephen Slesinger, Inc.), but taking into account all limitations, provisos, and clarifications pertaining to the definition of "Reserved Rights" and Disney's rights notwithstanding the "Reserved Rights" all as set forth in the 2001 Agreement. In particular, Disney affirms that no publishing rights heretofore granted to E.P. Dutton are included in the Granted Rights.

2.2 Licenses; Assignments. Disney shall have the right to license, sublicense, appoint, authorize and otherwise delegate other parties to exercise any of the Granted Rights without notice to Grantor. Disney shall have the right to assign (as opposed to license, sublicense, appoint, authorize and otherwise delegate) the Granted Rights, provided that each such assignee assumes in writing Disney's obligations hereunder with respect to such assigned rights, a copy of such assumption is delivered to Grantor, and Disney shall remain liable hereunder with respect to such assigned rights. Grantor shall not have the right to assign this Agreement or her rights hereunder or to delegate her obligations or duties hereunder; provided that Grantor may assign her rights to receive payments hereunder upon prior written notice to Disney and subject to execution of appropriate documentation by Grantor and such assignee. The rights and obligations of the parties hereunder shall be binding upon and shall inure to the benefit of each party's heirs, legal representatives, successors and assigns.

2.3 Exclusivity. Notwithstanding anything to the contrary herein, the grant of rights hereunder with respect to Phonorecords (as defined below) shall be non-exclusive and subject to all of the limitations in the 2001 Agreement on Disney's exercise of rights relating thereto. For the avoidance of doubt, the grant of all other of the Granted Rights hereunder shall be exclusive.

3. Consideration. As full and complete consideration for the rights granted and all of Receiver and Grantor's representations, warranties and other covenants hereunder, Disney shall pay the applicable amount(s) set forth in this Section 3. The term "Royalties" means the amount, if any, of royalties as set forth in Subsection 3.5.

3.1 Initial Payment to Grantor. Upon execution of this Agreement, Disney shall pay to Grantor SIX HUNDRED THOUSAND U.S. DOLLARS (U.S. $600,000) ("Initial Payment"). For purposes of clarification, the Initial Payment is non-refundable and not an advance against any future payments hereunder.

3.2 Reimbursement. Disney shall promptly (within 30 days of receipt of supporting documentation and invoices) reimburse Grantor for all reasonable fees and expenses directly related to the negotiation, completion and carrying into effect of this Agreement (including without limitation engaging legal counsel in any country to advise Grantor and liaise with Disney and represent Grantor in or regarding Slesinger v. Disney, Termination Litigation or other litigation or otherwise regarding the subject matter of this Agreement and/or related to the preparation and service of the Grantor Notice), subject to Grantor's submission of supporting documentation and invoices.

3.3 Royalties.

3.3.1 As of the Effective Date, Grantor shall become entitled to Royalties under this Subsection 3.3 (as determined under Subsection 3.5 hereof) unless (i) the Eldred Evaluation states that the Works are in the public domain or will be in the public domain in the U.S. Territory as of the Effective Date; (ii) Judgment of Ineffective Termination has occurred; or (iii) Slesinger Settlement has occurred.

3.3.2 Payment of Royalties shall be non-refundable and shall commence upon the latest of (i) the Effective Date, (ii) Judgment of Effective Termination, or (iii) Slesinger Judgment.

3.3.3 If either Judgment of Effective Termination or Slesinger Judgment occurs after the Effective Date, then Royalties shall accrue beginning on the Effective Date and shall be paid to Grantor only when and to the extent Royalties become payable to Grantor as provided in this Agreement with interest at the average prime bank lending rate announced in the Wall Street Journal applicable to the covered period, compounded annually.

3.3.4 Royalties payable under this Subsection 3.3 shall be subject to reduction in accordance with the following provisions:

(i) The amount of Royalties payable by Disney to Grantor arising from sales and licenses in a given half-year accounting period in a given territory outside the

U.S. Territory shall be reduced by the amount of royalties based upon and arising from Disney's sales and licenses of Items of Merchandise containing Protected Pooh Elements in that territory after the Effective Date that Disney must pay and actually does pay to Stephen Slesinger, Inc. as required by Slesinger Judgment (and not because of Slesinger Settlement), which payment obligation (to Stephen Slesinger, Inc.) Disney shall have used its reasonable and good faith efforts to oppose. Notwithstanding the foregoing, the amount of Royalties payable to Grantor under this Subsection 3.3.4(i) in any given half-year accounting period (after any reduction, if applicable) shall never be less than zero.

(ii) The amount of Royalties payable by Disney to Grantor arising from sales and licenses inside the U.S. Territory in a given half-year accounting period shall be reduced by fifty-two and one half percent (52.5%) of the amount of royalties based upon and arising from Disney's sales and licenses of Items of Merchandise containing Protected Pooh Elements inside the U.S. Territory after the Effective Date that Disney must pay and actually does pay to Stephen Slesinger, Inc. as required by Slesinger Judgment (and not because of Slesinger Settlement), which payment obligation (to Stephen Slesinger, Inc.) Disney shall have used its reasonable and good faith efforts to oppose; provided that in no event shall Grantor receive an amount less than forty-seven and one half percent (47.5%) of the Royalties that would otherwise be payable to Grantor during such half-year accounting period based upon and arising from such sales and licenses.

3.3.5 If Slesinger Judgment is inconsistent with Judgment of Effective Termination insofar as Slesinger Judgment requires Disney to make payment to Stephen Slesinger, Inc. for exploitation of Protected Pooh Elements after the Effective Date, then the parties shall pursue other litigation in a court of competent jurisdiction through legal counsel (engaged by Disney at its own expense) acceptable to the parties hereto to obtain a Judgment establishing that Stephen Slesinger, Inc. is not entitled to royalties based upon and arising from Disney's exploitation of Protected Pooh Elements after the Effective Date, or until settlement acceptable to the parties hereto.

3.3.6 If a Judgment in any Termination Litigation not occurring after Settlement in such Termination Litigation does not establish either (i) at least partial effectiveness of the Termination or (ii) complete ineffectiveness of the Termination, then the parties will make a good faith effort through subsequent litigation to determine the validity of the Termination (which litigation, in turn, will also be known as Termination Litigation).

3.4 Slesinger Settlement Contingency.

3.4.1 In the event of Slesinger Settlement (regardless of whether Slesinger Judgment has also occurred), upon the later of the Effective Date or the Eldred Evaluation, Disney shall pay to Grantor the applicable amounts (if any) set forth in Subsection 3.4.1(i), (ii) or (iii) below, as applicable:

(i) If Slesinger Settlement occurs after Judgment of Ineffective Termination, Disney shall have no obligation to pay any amounts to Grantor under this Subsection 3.4.1 or at all.

(ii) If Slesinger Settlement occurs, and neither Subsection 3.4.1(i) nor Subsection 3.4.1(iii) applies, Disney shall forthwith give notice to Grantor of the fact of and terms of the Slesinger Settlement and shall pay to Grantor either (a) TWENTY-FOUR MILLION U.S. DOLLARS (U.S. $24,000,000) not later than seventy-five (75) days after Slesinger Settlement occurs, provided that if the effectiveness of such Slesinger Settlement is conditioned upon a court order, then not later than seventy-five (75) days after such court order becomes final, or (b) twenty-six and one half percent (26.5%) of the Royalties under Subsection 3.5 below, as Disney shall elect in its sole and absolute discretion. Disney shall make such election within sixty (60) days of Slesinger Settlement and give written notice to Grantor. In the absence of such election, beginning after said sixty (60) day period Grantor shall be entitled to select (a) or (b) by written notice to Disney given within ninety (90) days of the earlier of the date of receiving notice of Slesinger Settlement from Disney or otherwise becoming aware of the Slesinger Settlement, and in such event Disney shall be deemed to have elected (a) or (b) as set forth in Grantor's written notice. In the absence of such notice by Grantor, Disney shall be deemed to have elected (a). If Disney becomes obligated to pay the amount in (a) of this Subsection 3.4.1(ii) and Disney fails to make all of such payment within said seventy-five (75) day period, then Disney shall also pay to Grantor interest compounded annually on the unpaid amount (beginning after the end of said seventy-five (75) day period and ending when Disney makes full payment to Grantor) at the average prime bank lending rate announced in the Wall Street Journal applicable to the period.

(iii) If Slesinger Settlement occurs simultaneously with or after Judgment of Effective Termination, Disney shall pay to Grantor either (a) THIRTY-SEVEN MILLION FIVE HUNDRED THOUSAND U.S. DOLLARS (U.S. $37,500,000) not later than seventy-five (75) days after Slesinger Settlement occurs, provided that if the effectiveness of such Slesinger Settlement is conditioned upon a court order, then not later than seventy-five (75) days after such court order becomes final, or (b) forty-seven and one half percent (47.5%) of the Royalties under Subsection 3.5 below, as Disney shall elect in its sole and absolute discretion. Disney shall make such election within sixty (60) days of Slesinger Settlement and give written notice to Grantor. In the absence of such election, beginning after said sixty (60) day period Grantor shall be entitled to select (a) or (b) by written notice to Disney given within ninety (90) days of the earlier of the date of receiving notice of Slesinger Settlement from Disney or otherwise becoming aware of the Slesinger Settlement, and in such event Disney shall be deemed to have elected (a) or (b) as set forth in Grantor's written notice. In the absence of such notice by Grantor, Disney shall be deemed to have elected (a). If Disney becomes obligated to pay the amount in (a) of this Subsection 3.4.1(iii) and Disney fails to make all of such payment within said seventy-five (75) day period, then Disney shall also pay to Grantor interest compounded annually on the unpaid amount (beginning after the end of said seventy-five (75) day period and ending when Disney makes full payment to Grantor) at the average prime bank lending rate announced in the Wall Street Journal applicable to the period. For the avoidance of doubt, if Slesinger Settlement occurs simultaneously with Settlement of the Termination Litigation, then Subsection 3.4.1(ii) shall apply (subject to Subsection 3.4.2).

(iv) If Slesinger Settlement occurs or if Disney and Stephen Slesinger, Inc. reach an agreement in principle or otherwise provisionally or contingently settle Slesinger v. Disney at a time when Disney knows that Judgment of Effective

Termination will be made, then any Slesinger Settlement thereafter is deemed to occur after Judgment of Effective Termination. If Slesinger Settlement occurs or if Disney and Stephen Slesinger, Inc. reach an agreement in principle or otherwise provisionally or contingently settle Slesinger v. Disney at a time when Disney knows that Judgment of Ineffective Termination will be made, then any Slesinger Settlement thereafter is deemed to occur at a time when neither Subsection 3.4.1(i) nor 3.4.1(iii) applies.

3.4.2 Notwithstanding the foregoing and subject to Subsection 3.9, if the Eldred Evaluation states that the Works are in the public domain or will be in the public domain in the U.S. Territory as of the Effective Date, then Disney will not be obligated to make any payment to Grantor under Subsection 3.4.1.

3.4.3 If Slesinger Settlement occurs after the Effective Date, then the applicable amount (if any) set forth in Subsection 3.4.1(ii) or 3.4.1(iii) above, shall be deemed to accrue beginning on the Effective Date and shall be paid to Grantor only when and to the extent such payment becomes payable to Grantor (subject to the terms of this Agreement) with interest compounded annually at the average prime bank lending rate announced in the Wall Street Journal applicable to the period (if any) after the Effective Date but before Slesinger Settlement.

3.4.4 For the avoidance of doubt, if Disney makes any payments to Grantor required under Subsection 3.4.1, then no Royalties shall be payable pursuant to Subsection 3.3.

3.5 Royalty Calculation. "Royalties" are the percentages as set forth in Subsection 3.5.1 herein of the Royalty Receipts (as defined below):

3.5.1 Percentages. (i) Two and one half percent (2.5%) for sales and licenses of Items of Merchandise (as defined below) except those covered by Subsection 3.5.1(ii), (iii), (iv) or (v).

(ii) Two and forty-two hundredths percent (2.42%) for licenses of Publications (as defined below) and Phonorecords (as defined below) except those covered by Subsection 3.5.1(iv).

(iii) One and one-half percent (1.5%) for sales of Phonorecords (as defined below) except those covered by Subsection 3.5.1(iv).

(iv) One and thirty-three hundredths percent (1.33%) of fifty percent (50%) for sales and licenses of Educational Products (as defined below).

(v) One and thirty-three hundredths percent (1.33%) of fifty percent (50%) for retail sales of Items of Merchandise except those covered by either Subsection 3.5.1(iii) or (iv), and one and thirty-three hundredths percent (1.33%) for wholesale sales of Items of Merchandise except those covered by either Subsection 3.5.1(iii) or (iv).

(vi) Notwithstanding the foregoing, but subject always to the final sentence of this Subsection 3.5.1(vi), in the case of an Item of Merchandise that contains

Protected Pooh Elements(s) (as defined below) and other elements that are not Protected Pooh Elements, the percentage paid by Disney for such Item of Merchandise shall be the applicable percentage for such Item of Merchandise as set forth in Subsection 3.5.1(i), (ii), (iii), (iv) or (v) multiplied by the percentage of such Item of Merchandise containing Protected Pooh Element(s), such percentage to be determined by dividing the number of characters that are Protected Pooh Elements in such Item of Merchandise by the total number of characters in such Item of Merchandise if such method is fair and reasonable. If the parties do not agree that such method is fair and reasonable, then such dispute shall be submitted for resolution as set forth in Subsection 9.14.

3.5.2 A "Protected Pooh Element" is a Pooh Character or other material contained in the Works or derived from the Works with respect to which (a) at the time an Item of Merchandise containing such Pooh Character or other material is manufactured, the underlying Work (or portion thereof) in which such Pooh Character or other material first appeared or from which such Pooh Character or other material was derived is (i) protected by copyright in the U.S. Territory and (ii) protected by copyright in the country or territory in which such Item of Merchandise is sold to members of the public; and (b) such underlying Work (or portion thereof) has reverted to Grantor and/or Hunt as of the Effective Date as a result of Termination. For the avoidance of doubt, Disney acknowledges that although Grantor is granting the Granted Rights, Disney agrees to pay Royalties, subject to the terms and conditions of this Agreement, to Grantor on Protected Pooh Elements that have reverted to Grantor and/or Hunt. For purposes of this Subsection 3.5.2, if Slesinger Settlement has occurred, then all Pooh Characters and other material contained in the Works shall be deemed to revert to Grantor as of the Effective Date as a result of Termination. Disney agrees that it will not initiate any litigation directly challenging or attacking the subsistence of the copyrights in the Works under the laws of any territory, except in those territories where expiry of term of the copyrights in the Works has already occurred.

3.5.3 "Items of Merchandise" are items and things which employ or use or which are derived or taken from or which are based upon any of the characters, stories and/or material of the Works or any part thereof (including without limitation toys, puppets fabrics, wall paper, other materials, dolls, games, puzzles, novelties, food products and/or services, books, children's story books, picture books, paint books, coloring books, comic books, cut-out books, novelty books, game books, puzzle books, magazines, booklets, pamphlets, greeting cards, other publications, comic strips, comic pages, phonograph records or other reproductions of dramatizations of Disney's version(s) and/or treatment(s) of the Works or any part thereof); provided, however, that "Items of Merchandise" do not include (a) all home video products and services in all media, formats, platforms, methods and modes of delivery, exhibition, distribution, transmission, performance and/or exploitation by any and all devices in all languages now or hereafter known (including without limitation videocassettes, DVD, video discs, other discs, video on demand, near video on demand, pay-per-view, CD ROM, CDI, cartridges, transmissions and broadcasts over the Internet or other public or private computer networks, and other interactive computer-related products or services), (b) computer games in any form, video games in any form, and software in any form, in all media, formats, platforms, methods and modes of delivery, exhibition, distribution, transmission and/or exploitation by any and all devices in all languages now or hereafter known including delivery via the Internet or other public or private computer networks; and (c) motion pictures, television programs, grand performance

rights, small performance rights, stage plays (including dramatic and musical stage plays), circuses, appearances and live performances of any kind, theme parks and attractions of any kind, and all music rights related thereto.

3.5.4 "Phonorecords" are the subset of Items of Merchandise consisting of devices capable of producing audio only (including without limitation audio-only cassettes and audio-only compact discs).

3.5.5 "Publications" are the subset of Items of Merchandise consisting of items that are primarily text and/or graphics printed on paper.

3.5.6 "Educational Products" are the subset of Items of Merchandise consisting of items produced for and marketed to educational institutions.

3.5.7 An "Affiliated Company," for purposes of this Agreement only, is an entity that is a parent of Disney, a wholly-owned subsidiary of Disney or of a parent of Disney, or an entity owned more than fifty percent (50%) by Disney, by a parent of Disney, or by a wholly-owned subsidiary of Disney or a parent of Disney.

3.5.8 The "Disney Percentage Interest" is the percentage ownership of Disney, a parent of Disney, or any subsidiary of Disney or a parent of Disney.

3.5.9 "Gross Receipts" are, for each Item of Merchandise, the gross amounts actually received, retained and irrevocably earned by Disney or an Affiliated Company, as the case may be, arising from the sale and/or licensing of such Item of Merchandise after the Effective Date.

3.5.10 "Royalty Receipts" are,

(i) in the case of an Item of Merchandise sold by Disney to the public or to a non-Affiliated Company, the Gross Receipts from the sale less the following amount if (x) such sale was a retail sale, (y) such Item of Merchandise was purchased from a licensed non-Affiliated Company and (z) there are Royalty Receipts for such Item of Merchandise pursuant to Subsection 3.5.10(iii) or 3.5.10(iv) below: twenty-two and 56/100ths percent (22.56%) of the retail price of such Item of Merchandise if the Item of Merchandise is not a Phonorecord or Publication, or twenty-one and 84/100ths percent (21.84%) of the retail price of such Item of Merchandise if such Item of Merchandise is a Phonorecord or Publication;

(ii) in the case of an Item of Merchandise sold by an Affiliated Company to the public or to a non-Affiliated Company, the Gross Receipts from the sale multiplied by the Disney Percentage Interest in such Affiliated Company, less the following amount if (x) such sale was a retail sale, (y) such Item of Merchandise was purchased from a licensed non-Affiliated Company and (z) there are Royalty Receipts for such Item of Merchandise pursuant to Subsection 3.5.10(iii) or 3.5.10(iv) below: twenty-two and 56/100ths percent (22.56%) of the retail price of such Item of Merchandise if the Item of Merchandise is not a Phonorecord or Publication, or twenty-one and 84/100ths percent (21.84%) of the retail price of the Item of Merchandise if such Item of Merchandise is a

Phonorecord or Publication, multiplied in either case by the Disney Percentage Interest in such Affiliated Company;

(iii) in the case of an Item of Merchandise sold by a non-Affiliated Company pursuant to a license with Disney, the Gross Receipts; and

(iv) in the case of an Item of Merchandise sold by a non-Affiliated Company pursuant to a license with an Affiliated Company, the Gross Receipts multiplied by the Disney Percentage Interest in such Affiliated Company.

For the avoidance of doubt, Royalty Receipts under Subsections 3.5.10(i) and 3.5.10(ii) above shall not include Gross Receipts from the sale(s) of an Item of Merchandise from Disney or an Affiliated Company to Disney or an Affiliated Company. With respect to Subsections 3.5.10(i) and (ii) above, Disney and Affiliated Companies do not currently act as wholesalers of Items of Merchandise purchased from licensed non-Affiliated Companies as to which there are Royalty Receipts generated by such purchase. However, if Disney and/or Affiliated Companies do so in the future, then the parties shall negotiate in good faith for a fair deduction mechanism applicable to such sales consistent with the royalty provisions herein. If the parties cannot agree on such a deduction mechanism, then the matter shall be resolved pursuant to Subsection 9.14.

3.6 Notwithstanding anything to the contrary herein, if Disney becomes obligated to pay any unaffiliated third party other than Stephen Slesinger, Inc. arising from Disney's exploitation of the Reverted Rights in the United States or Protected Pooh Elements outside the United States because such other party is in possession of bona fide legal title in and to such rights or any part(s) thereof other than as a result of an assignment or a license of rights to such party by Disney, then the Royalties, if any, paid to Grantor shall be reduced by the amount Disney becomes obligated to pay to such other party.

3.7 If (a) Disney becomes obligated to make payment(s) to Grantor pursuant to Subsection 3.4.1, (b) Disney elects to pay either the fixed amount set forth in Subsection 3.4.1(i) or the fixed amount set forth in Subsection 3.4.1(ii), and (c) prior to the Effective Date, a Judgment (other than Eldred Finality) specifically declares that any characters, portions and/or other elements of the Works are in the public domain in the U.S. Territory at the time Disney elects to pay either the fixed amount set forth in Subsection 3.4.1(i) or the fixed amount set forth in Subsection 3.4.1(ii), then the fixed amount that Disney elects to pay shall be reduced by either multiplying such fixed amount by the fraction equal to the number of Pooh Characters above that are not in the public domain in the U.S. Territory at the time Disney elects such fixed amount divided by ten (10), if such percentage is fair and reasonable, or if the parties do not agree such percentage is fair and reasonable, then such other percentage as may be agreed or failing such agreement the dispute shall be submitted for resolution as set forth in Subsection 9.14 hereof; provided that the foregoing is without prejudice to the effect of the Eldred Evaluation on Disney's obligations to Grantor as set forth in Subsection 3.4.2.

3.8 The occurrence of all of the Effective Date, Judgment of Effective Termination and Slesinger Judgment is a condition precedent to Disney's obligation to pay Royalties to Grantor under Subsection 3.3. The occurrence of all of the Effective Date,

Slesinger Settlement and the Eldred Evaluation (as specified in Subsection 3.4.2) is a condition precedent to Disney's obligation to make any payments to Grantor under Subsection 3.4.1.

3.9 Notwithstanding anything to the contrary herein, if (i) the Eldred Evaluation states that the Works are in the public domain or will be in the public domain in the U.S. Territory as of the Effective Date, and (ii) subsequent legislative and/or judicial action removes the Works from the public domain in the U.S. Territory, then Disney shall, beginning on the effective date of such legislative and/or judicial action, pay to Grantor the amounts under 3.3 or 3.4 (as applicable) as if the Eldred Evaluation had not stated that the Works were in the public domain (but subject to all other terms and conditions of Section 3); provided that in no case shall Royalties be paid to Grantor for the period during which the Works were in the public domain in the U.S. Territory.

4. Records, Audits and Finality of Statements. If Grantor becomes entitled hereunder to receive Royalties, then, for so long as Grantor shall receive Royalties and for so long as Royalties accrue (if applicable), Disney shall render to Grantor complete and accurate account statements within forty-five (45) days after the end of each half of the fiscal accounting year showing the amounts which became payable to Grantor during the preceding half year and showing how said amounts were computed; and said statements shall be accompanied by payment of the amount due from Disney to Grantor.

Any statement rendered to Grantor by Disney hereunder shall in the absence of fraud and subject to the findings of any audit be deemed conclusively true, accurate, binding and not subject to objection as to all of the items and information contained therein if not disputed in writing by Grantor within three (3) years after such statement is delivered to Grantor; provided, that if Grantor delivers to Disney a written notice objecting to such statement within said three (3) year period, and if such notice specifies in reasonable detail the nature of Grantor's objections thereto, then only insofar as such particular objections to such items are concerned, such statement shall not be deemed conclusively true, accurate, binding and not subject to objection until the earlier of four (4) years after such statement was delivered to Grantor or ninety (90) days after the conclusion of an audit verifying such statement; provided further, that if any statement includes any transactions or accountings that were reflected in any prior statement, then such accountings and transactions that were reflected in a prior statement shall be deemed conclusively true, accurate, binding and not subject to objection upon the earlier of four (4) years from the date such prior statement was delivered to Grantor or ninety (90) days after the conclusion of an audit relating to such prior statement.

Disney will keep accurate and complete books and records relating to the transactions with respect to which Royalties become payable to Grantor. Grantor may, at Grantor's own expense (notwithstanding Subsection 3.2), audit the applicable records at the place where Disney maintains such records in order to verify such portions of statements that have not become conclusively true, accurate, binding and not subject to objection as set forth above; provided that Grantor has given Disney reasonable written notice prior to commencing such audit. Any such audit shall be conducted only by a reputable public accountant without any conflict of interest with respect to any business of Disney or an Affiliated Company, and during Disney's regular business hours and in such manner as not

to interfere with Disney's normal business activities. In no event shall any audit continue for longer than sixty (60) consecutive business days; nor shall audits be made hereunder more frequently than once annually; nor shall the records supporting any statement be audited more than once. If an audit reveals a discrepancy with respect to any items bearing upon the computation of the amounts payable to Grantor, and the discrepancy adverse to Grantor is ten percent (10%) or more, Disney shall, in addition to recomputing and making immediate payment of the amounts due based on the actual and true items, pay all reasonable expenses incurred by Grantor of the audit.

If Grantor does not become entitled to receive Royalties hereunder, then Grantor shall have no rights whatsoever under this Agreement to audit Disney's books and records.

5. Covenants; Representations and Warranties; No Reliance.

5.1 Covenant to Prevent Unauthorized Phonorecord Exploitation. Grantor shall sue in a court of competent jurisdiction, at Disney's request and expense, any and all persons, parties, corporations and/or other entities that exploit Phonorecords in the U.S. Territory without authorization.

5.2 Disney's Representations and Warranties. Disney represents and warrants that (a) it is duly organized under applicable laws, rules and regulations; and (b) it has the right and authority to enter into this Agreement.

5.3 Grantor's Representations and Warranties. Grantor represents and warrants that (a) Grantor is the sole granddaughter of A.A. Milne; (b) A.A. Milne has no living widow, children, or other grandchildren; (c) except for Eldred, and any other litigation relating to the public domain status of U.S. copyrights, Slesinger v. Disney and any litigation relating to the validity of the Termination, to the best of Grantor's knowledge neither the Grantor nor the Pooh Properties Trustees are party to any litigation or threat of litigation or claims or threat of claims outstanding as of the date hereof in the United States (other than claims or threat of claims that may be asserted by Stephen Slesinger, Inc.) that affect or are concerned with any of the Works or Grantor Reverted Rights; (d) to the best of grantor's knowledge none of the Works or any part(s) thereof infringes the copyright in any other work; (e) except for the 2001 Agreement, Grantor has not entered into or made any outstanding assignments, grants, licenses, encumbrances, obligations or agreements (whether written, oral, or implied) that conflict with this Agreement and/or Disney's unencumbered enjoyment, exploitation, use and exercise of the Grantor Reverted Rights; (f) subject to Judgment of Effective Termination, no consent of any third party is necessary to execute this Agreement or to convey to Disney the Grantor Reverted Rights that are effectively terminated; (g) subject to Judgment of Effective Termination, Grantor has the power, right and authority under all applicable laws to enter into this agreement and to convey to Disney the Grantor Reverted Rights that are effectively terminated.

5.4 Receiver's Representations and Warranties. Receiver represents and warrants that (a) Receiver is Grantor's receiver under the Mental Health Act 1983; (b) subject to Judgment of Effective Termination, Receiver has the power, right and authority under all applicable laws to execute this Agreement and the Grantor Notice on behalf of Grantor; (c) the order appointing Receiver is effective; and (d) Receiver has been

authorized by the Court of Protection to enter into this Agreement and the transaction represented by this Agreement on Grantor's behalf and to execute the Grantor Notice on Grantor's behalf.

5.5 No Reliance. Except for the representations and warranties set forth above in Subsections 5.2, 5.3 and 5.4, neither party has entered into this Agreement in reliance upon any representation made on or prior to the date of the making of this Agreement. By way of illustration and not limitation, neither party is entering into this Agreement in reliance upon any opinion, statement or representation made by any party or other person or entity with respect to the validity of the Termination and/or the effect of Eldred on the parties' rights and obligations under this Agreement, except as expressly set forth herein in Subsections 5.2, 5.3 and 5.4.

6. Indemnification; Cooperation of Grantor.

6.1 Disney hereby agrees to indemnify and hold Grantor, Receiver, his predecessor as Receiver, and the 2001 Assignors harmless from any and all third party claims, suits, liabilities, judgments, costs, damages and expenses, in law or in equity, arising directly or indirectly from the making of this Agreement and/or as a consequence of serving and filing of the Notices and/or Termination and/or of any court proceedings by or against any party concerning the validity or subsistence of copyright in any of the Works or any part thereof or concerning Grantor's rights in the Works or Disney's past or future exploitation of its rights in or in relation to the Works (including without limitation the costs and expenses of engaging legal counsel to advise and/or represent Grantor, Receiver, his predecessor as Receiver and/or the 2001 Assignors and/or liaise with Disney regarding such claims, suits and liabilities); provided, however, that Disney shall not indemnify Grantor, Receiver, and his predecessor as Receiver and the 2001 Assignors with respect to claims, suits, liabilities, judgments, costs, damages and expenses arising from the breach of any of Grantor's representations and warranties as set forth in Subsection 5.3(a), 5.3(b) or 5.3(e) or Receiver's representations and warranties as set forth in Subsection 5.4. Grantor hereby agrees to indemnify and hold Disney harmless up to the amount actually paid by Disney to Grantor under this Agreement from any and all third party claims, suits, liabilities, judgments, costs, damages and expenses, in law or in equity, arising from the breach of any of Grantor's representations and warranties as set forth in Subsection 5.3 above.

6.2 Grantor hereby agrees to cooperate with Disney in all respects, including but not limited to Grantor's consent to be joined as a necessary or indispensable party in any litigation adjudicating the validity of the Termination and/or arising from this Agreement, at Disney's request and expense.

6.3.1 With respect to any litigation for which Grantor is reimbursed pursuant to Subsection 3.2 or for which Grantor is indemnified pursuant to Subsection 6.1 (including any litigation in which Grantor's counsel is paid directly by Disney), Disney shall have the discretion to make all decisions in, and have the right to exercise control of, the course of such litigation (including but not limited to settlement discussions and decisions) whether or not Disney is a party to such litigation, provided that Disney shall consult meaningfully with Grantor with respect to all aspects of such litigation.

6.3.2 Notwithstanding anything to the contrary in Subsection 6.3.1 above, if Grantor or Receiver, after meaningful consultation with Disney, is advised by Grantor's counsel that a determination by the English Court of Protection is required to determine whether any decision by Disney in such litigation is in the best interest of Grantor, then Grantor and Receiver shall not be bound by such decision by Disney unless and until such decision is determined by the English Court of Protection to be in the best interests of Grantor, provided that this Subsection 6.3.2 does not apply to or affect Disney's discretion to effect Slesinger Settlement.

6.3.3 Further, notwithstanding anything to the contrary in Subsection 6.3.1 above, if Grantor or Receiver, after meaningful consultation with Disney, is at any time or times advised in good faith by Grantor's counsel that because of material change in Grantor's risks arising from litigation and/or this Agreement, Disney's indemnity obligations under Subsection 6.1 may fail fully to protect Grantor and Receiver unless a specified amount of additional security is provided by Disney for its indemnity obligations under Subsection 6.1 it would be in the best interests of Grantor to enter into a settlement of or to discontinue, withdraw from or amend such litigation, and if Disney is unwilling to provide such additional security, then the materiality of the change in Grantor's risks arising from litigation and/or this Agreement, the extent of Grantor's potential liabilities, the consequences for Disney of being required to give additional security in excess of that which is reasonable to cover Grantor's potential liabilities, and the amount of such additional security, if any, shall be determined by the arbitrator in accordance with Subsection 9.14. If the arbitrator determines that additional security is to be provided, then (x) if Disney within ten (10) days thereafter provides the additional security so determined by the arbitrator, then the Grantor and Receiver shall refrain from taking any such action; or (y) if Disney within ten (10) days thereafter does not provide the additional security so determined by the arbitrator, then the Grantor and Receiver shall be entitled to take any such action. If the arbitrator determines that no additional security is to be provided, then the Grantor and Receiver shall refrain from taking any such action.

6.4 Within five (5) days of execution of this Agreement, Disney shall obtain at its cost an irrevocable letter of credit in favor of Grantor from a recognized U.S. financial institution in the principal amount of FOUR HUNDRED THOUSAND U.S. DOLLARS (U.S. $400,000) (the "LC") and shall cause such LC to be renewed and to remain in effect until two (2) years after the later of (a) Slesinger Judgment or Slesinger Settlement, as the case may be, or (b) the final termination of litigation to which Subsection 6.1 or Subsection 3.2 applies that is ongoing at the time Slesinger Settlement or Slesinger Judgment occurs. The LC shall secure Disney's obligation to reimburse sums to Grantor under Subsection 3.2 and Disney's indemnification obligations to Grantor under Subsection 6.1 (including but not limited to attorneys' fees billed by Grantor's counsel directly to Disney) (collectively "LC Obligations"). Grantor shall have the right to draw on the LC only if and to the extent that Disney fails to pay any LC Obligations within sixty (60) days after Disney's receipt of written notice from Grantor that such LC Obligations have become due and payable.

6.5 Without prejudice to Subsection 6.3, the parties agree to keep each other apprised of all litigation related to this Agreement, the Works and/or the Termination.

7. Moral Rights. Grantor hereby waives in perpetuity all moral rights or analogous rights as may exist now or in the future in any part of the world that Grantor may have with respect to the Granted Rights. Grantor acknowledges and agrees that Disney shall be entitled to make any alterations, deletions, substitutions and additions to the Works or any part(s) thereof as Disney in its sole discretion shall see fit. Disney agrees that it will continue the same practice as hitherto with respect to credits accorded to A.A. Milne and the Works (subject to applicable laws).

8. Taxes. Disney shall not be liable for, and shall be indemnified and held harmless by Grantor with respect to, any and all taxes, assessments, levies, duties, tariffs or similar government fees that become payable anywhere in the universe by Grantor as a result of this Agreement and/or any of the provisions herein.

9. General Provisions.

9.1 Other Party Beneficiaries. This Agreement is not for the benefit of any other party except for the Receiver's predecessor and 2001 Assignors (all of whom shall expressly be deemed intended beneficiaries for purposes of Subsection 6.1 only), whether or not referred to herein.

9.2 No Joint Venture. Nothing contained in this Agreement shall be construed as creating a joint venture or partnership relationship among the parties hereto.

9.3 Term. The term of this Agreement shall continue so long as any part of any of the Works is protected by copyright in any territory throughout the world.

9.4 Further Instruments. Each party shall furnish the other party(ies) with (and shall execute, acknowledge and deliver and cause to be executed, acknowledged and delivered to the applicable other party(ies)) any other instruments, in such form and substance as shall be approved or designated by the requesting party, which the requesting party may reasonably require or deem necessary, from time to time, in its discretion, to evidence, establish, protect, enforce, defend, or secure the requesting party any or all of the Granted Rights or any part(s) thereof, or more fully to effectuate or carry out the purposes, provisions or intent of this Agreement.

9.5 Severability. The invalidity or unenforceability of any provision in this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

9.6 No Trustee or Fiduciary Obligation. Disney shall not be considered a trustee, pledgeholder, fiduciary or agent of Grantor and shall not be obligated to segregate Gross Receipts, Royalty Receipts or Royalties, if any, from other funds.

9.7 Non-Waiver. A failure of any party hereto to exercise any right given to it hereunder, or to insist upon strict compliance by another party of any obligation hereunder, shall not constitute a waiver of the first party's right to exercise such a right, or to exact compliance with the terms hereof. Moreover, waiver by any party of a particular default by another party shall not be deemed a continuing waiver so as to impair the aggrieved party's rights in respect to any subsequent default of the same or a different nature.

9.8 Non-Disparagement. The parties agree not to disparage, at any time during the Term of this Agreement or thereafter, each other or any of another party's products or services or key executives, or commit any act that, in the reasonable judgment of the non-disparaging party, has a materially adverse effect on the reputation of such party, its trade names or affiliates.

9.9 Confidentiality and Disclosure.

9.9.1 Confidentiality. The parties agree that the financial terms of and related to this Agreement are confidential and not to be disclosed except as required by law.

9.9.2 Disclosure. The parties understand and acknowledge that (a) Grantor's personal privacy is to be respected and protected, (b) it is likely that the fact of this Agreement will be publicized and inquiries will be made as a matter of public interest, and (c) Disney has the reputational and commercial need to put before the public accurate information about this transaction and its bearing on Disney's business. Accordingly, with respect to Grantor personally (i.e., concerning her as an individual), any disclosures authorized by Disney other than in statements made to a court will be substantially in accordance with and limited to the following factual statement: (i) Grantor is the granddaughter of A.A. Milne; (ii) Grantor exercised her rights under United States copyright law to effect the Termination and subsequently enter this Agreement; and (iii) Grantor's representatives approached Disney with respect to the Reverted Rights. However, Disney in its discretion may disclose, or respond to inquiries with, information not confidential hereunder concerning the law applicable to, and facts not personal to Grantor about, the Termination and its bearing or consequences on pertinent litigation and Disney's business.

9.10 Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing, in English, shall refer to this Agreement, and may be delivered personally, sent by air courier, or by telecopy, to such party at its address set forth below (or to such other address as may be designated by notice given in accordance with this Subsection); and shall be deemed given at the time delivered by hand, if personally delivered; when receipt acknowledged, if telecopied; and when guaranteed to be delivered by air courier, if sent by air courier guaranteeing delivery with a certain number of days:

If to Grantor:

Clare Milne
c/o Michael Joseph Coyne
Brown Cooper Monier-Williams
71 Lincoln's Inn Fields
London WC2A 3JF
England
Facsimile: 011-44-20-7831-9856

With a copy to:
Nigel Urwin
Brown Cooper Monier-Williams
71 Lincoln's Inn Fields
London WC2A 3JF
England
Facsimile: 011-44-20-7831-9856

If to Disney:

Disney Enterprises, Inc.
500 South Buena Vista Street
Burbank, California 91521
Attention: Louis M. Meisinger, Esq.
Facsimile: (818) 238-0404

If to Receiver:

Michael Joseph Coyne
Brown Cooper Monier-Williams
71 Lincoln's Inn Fields
London WC2A 3JF, England
Facsimile: 011-44-20-7831-9856

9.11 Headings. The headings or captions of this Agreement are for convenience and reference only, and are not intended in any way to modify, enlarge or limit the provisions hereof; nor shall such headings be used to interpret or construe the intent of the parties in respect to the provisions of this Agreement.

9.12 Signatures, Counterparts. This Agreement may be executed by original or facsimile signature and in counterparts, and each such counterpart shall be deemed an original hereof. Accordingly, this Agreement shall become binding, notwithstanding the execution of separate originals hereof, one by each of the parties hereto.

9.13 Waivers and Amendments. This Agreement may be amended, modified, superseded, or cancelled, only by a written instrument signed by the parties hereto or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right hereunder, nor any single or partial exercise of any rights hereunder, preclude any other or further exercise thereof or the exercise of any other right hereunder, subject in all cases to any applicable statute(s) of limitations.

9.14 Arbitration. Unless otherwise agreed in writing by all of the parties, all disputes hereunder shall be resolved through binding arbitration which shall be located in New York, New York, for the mutual convenience of all the parties.

9.14.1 Applicability of New York Procedural Law. All disputes hereunder will be prosecuted and defended in accordance with New York procedural law, including but not limited to the procedures set forth in the Civil Procedure Law and Rules (but not including any local rules), and the New York law and rules of evidence, except to the extent such procedures are inconsistent with the express terms of this Agreement. It is

the intent of the parties that all pleadings, discovery, motion practice, trial and appeal (including, but not limited to, the format, scope, and substance of, and time requirements applicable to, any filings) proceed as if the dispute had been brought in the Supreme Court of the State of New York, except: (a) the arbitrator will be appointed in accordance with Section 9.14.3, (b) the arbitrator will serve as the finder of fact as well as of law (and the parties waive any right to a jury); (c) there will be no interlocutory appellate relief available; (d) discovery will be limited to matters that are directly relevant to the issues in the arbitration, rather than all matters that are asserted to be reasonably calculated to lead to the discovery of admissible evidence; and (e) as otherwise expressly provided for herein.

9.14.2 Arbitration Administrator. All disputes will be administered by the American Arbitration Association ("AAA") in accordance with the terms of this Agreement. The AAA is referred to herein as the Arbitration Administrator.

9.14.3 Arbitrator Appointment. The arbitration shall be before a single arbitrator appointed pursuant to the rules of the AAA. To serve as an arbitrator or appellate arbitrator for a dispute, the appointee must be neutral with respect to the matters being arbitrated, the parties, and their counsel. The Arbitration Administrator is responsible for ensuring that appropriate disclosures are made by the arbitrator and appellate arbitrators to achieve and maintain such neutrality. Any dispute about the neutrality of an appointed arbitrator or appellate arbitrator shall be resolved by the Arbitration Administrator.

9.14.4 Emergency Relief. If an arbitration party seeks interim emergency relief prior to the appointment of the arbitrator, the parties agree that the AAA Optional Rules for Emergency Measures of Protection shall apply.

9.14.5 Arbitration Hearing/Arbitrator's Ruling and Judgment. Unless otherwise agreed between all arbitration parties and the arbitrator, there shall be a record of all proceedings conducted in conjunction with any arbitration. The arbitrator shall issue rulings and a judgment as if the arbitrator were a judge of the Supreme Court of the State of New York. The arbitrator shall be permitted to award equitable relief, including but not limited to injunctive relief, and is vested with the full powers of a judge of the Supreme Court of the State of New York.

9.14.6 Appeal. To appeal from a judgment of an arbitrator, an arbitration party must follow all of the prerequisites for appealing from a judgment of the Supreme Court of the State of New York. All prerequisites ordinarily directed to the clerk of such court shall be directed to the Arbitration Administrator.

All appeals will be made to three neutral arbitrators appointed (or replaced, if necessary) as appellate arbitrators pursuant to the rules of the AAA.

The appellate arbitrators will conduct a hearing, review the judgment of the arbitrator, and issue an appellate decision applying the same standards of review (and all of the same presumptions) as if the appellate arbitrators were the New York Appellate Division reviewing a judgment of the Supreme Court. The appellate arbitrators will be vested with the same powers as the New York Appellate Division (including the power to remand a matter to an arbitrator, or a replacement arbitrator, in accordance with the rights of a party

following appeal). The appellate arbitrators' decision will be final and binding (unless remanded to the arbitrator or replacement arbitrator) as to all matters of substance and procedure.

9.14.7 Service and Time Deadlines. For purposes of this Agreement, service of all pleadings and other papers, and the calculation of all time deadlines, shall be made in accordance with New York procedural law (including any modifications thereto that the arbitrator or appellate arbitrators may make in accordance with New York procedural law). However, without any order by the arbitrator or appellate arbitrators, the arbitration parties may agree in writing to extend or shorten any time deadline, which will be deemed effective upon written notice by the affected arbitration parties to the Arbitration Administrator and all other arbitration parties.

9.14.8 Jurisdiction/Venue/Enforcement of Award. The parties hereto consent and submit to the exclusive personal jurisdiction and venue of the Supreme Court of the State of New York, New York County, the California Superior Court, Los Angeles County, and the Federal District Courts located in the County of New York, State of New York, or County of Los Angeles, State of California, to compel arbitration of a dispute in accordance with this Agreement, to enforce any arbitration award granted pursuant to this Agreement, including but not limited to any award granting equitable relief, and to otherwise enforce this Agreement and carry out the intentions of the parties to resolve all disputes through arbitration.

9.14.9 Res Judicata, Collateral Estoppel and Law of the Case. Decisions of the arbitrator and appellate arbitrators shall have the same force and effect with respect to collateral estoppel, res judicata and law of the case that such decisions would have been entitled to if decided in a court of law, but in no event shall such a decision be used by or against a party to this Agreement in any dispute not between the parties to this Agreement.

9.14.10 Confidential Proceedings. All arbitration proceedings, including but not limited to any appellate proceedings, will be closed to the public and all records relating thereto will be permanently sealed, except as necessary to obtain court confirmation of the judgment of the arbitrator or the decision of the appellate arbitrators, as applicable, and except as necessary to give effect to res judicata and collateral estoppel, in which case all filings with any court shall be sealed to the extent permissible by the court.

9.14.11 Arbitrator Fees and Arbitration Costs. The arbitration parties will share equally the fees of the arbitrator and appellate arbitrators and administrative costs of the arbitration (including reporter's fees, but not including filing fees), with each party obligated for its pro rata share of the total (subject to reallocation as provided below). The determination of whether there are more than two parties will be made by the arbitration administrator, which determination may be reviewed by the arbitrator upon the request of any arbitration party. The fees of the arbitrator and appellate arbitrators and administrative costs of the arbitration (including reporter's fees and filing fees) and reasonable attorneys' fees paid by the prevailing arbitration party or parties (as determined at the conclusion of all proceedings, including any appeal, remand or subsequent appeals) will be awarded to the prevailing arbitration party or parties.

9.15 Governing Law. The parties agree that the laws of the State of California as applied to agreements executed and intended to be fully performed within that state shall govern the interpretation and enforcement of this Agreement, without giving effect to that state's choice of law rules. With respect to matters to which California law may not be applied, the parties agree that the federal laws of the United States shall apply. Notwithstanding the foregoing, the parties agree that the laws of England shall govern the adjudication of matters relating to Receiver's status, authority, duties, rights and/or obligations as Grantor's receiver under the Mental Health Act 1983, except insofar as such matters affect Receiver's authority to act on behalf of Grantor under the United States Copyright Act (which shall be governed by the federal laws of the United States).

9.16 Covenant Not to Grant. If, for any reason in any jurisdiction, any part(s) or element(s) of this Agreement is/are held to be wholly or partially invalid, ineffective or unenforceable, Grantor agrees that Grantor shall not grant, assign, convey, transfer or license the Granted Rights or any of them to any party other than Disney.

9.17 Entire Agreement. Except for the 2001 Agreement and the side letter of even date herewith, this Agreement contains the full understanding of the parties and supersedes all prior and contemporaneous agreements, communications, and understandings, written or oral, between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as set forth below.

Clare Milne ("Grantor")	Disney Enterprises, Inc. ("Disney")
Clare Milne Signature	Claire R Signature
By: HJ Coyne Grantor's receiver under the Mental Health Act 1983	By: Claire Robinson Its: Senior Vice President, Counsel
Date and Time: 4th November 2002 4.55pm	Date and Time: November 4, 2002 4:56
Location: New York, New York	Location: New York, New York

Michael Joseph Coyne ("Receiver")

Signature

Date and Time: 4 November 2002 4.55 pm

Location: New York, New York

INDEX OF DEFINITIONS

For the convenience of the parties, this index indicates the location where certain terms are defined in the Agreement:

TERM	LOCATION
2001 Agreement	Recital L
2001 Assignors	Recital L
2001 Rights	Recital L
AAA	Subsection 9.14.2
Additional Rights	Subsection 2.1.2
Affiliated Company	Subsection 3.5.7
Agreement	First Paragraph
Arbitration Administrator	Subsection 9.14.2
Disney	First Paragraph
Disney Percentage Interest	Subsection 3.5.8
Educational Products	Subsection 3.5.6
Effective Date	Recital F
Eldred	Recital N
Eldred Evaluation	Recital O
Eldred Finality	Recital O
Excepted Rights	Subsection 2.1.3
Grantor	First Paragraph
Grantor Notice	Recital F
Grantor Reverted Rights	Recital F
Gross Receipts	Subsection 3.5.9
Hunt	Recital F
Hunt Notice	Recital F
Initial Payment	Subsection 3.1
Items of Merchandise	Subsection 3.5.3
Judgment	Recital J
Judgment of Effective Termination	Recital J
Judgment of Ineffective Termination	Recital J
LC	Subsection 6.4
LC Obligations	Subsection 6.4

TERM	LOCATION
Notices	Recital F
Phonorecords	Subsection 3.5.4
Pooh Characters	Recital B
Protected Pooh Element	Subsection 3.5.2
Publications	Subsection 3.5.5
Receiver	First Paragraph
Reserved Rights	Subsection 2.1.3
Reverted Rights	Recital F
Royalties	Subsection 3.5
Royalty Receipts	Subsection 3.5.10
Settlement	Recital J
Slesinger Judgment	Recital K
Slesinger Rights	Recital D
Slesinger Settlement	Recital K
Slesinger v. Disney	Recital K
Stephen Slesinger, Inc.	Recital E
Termination	Recital H
Termination Litigation	Recital I
U.S. Territory	Recital F
Works	Recital A