



Neutral Citation Number: [2019] EWHC 1357 (Ch)

Case No: IL-2018-000067

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (ChD)**

Royal Courts of Justice, Rolls Building  
Fetter Lane, London, EC4A 1NL

Date: 6/6/2019

**Before:**

**MASTER CLARK**

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**Between:**

(1) **LIFESTYLES EQUITIES C.V.**  
(2) **LIFESTYLE LICENSING B.V.**  
(companies incorporated under the laws of The Netherlands) **Claimants**

- and -

(1) **THE COPYRIGHTS GROUP**  
(2) **NICHOLAS FRANCIS DURBRIDGE**  
(3) **GREENWICH POLO CLUB, INC**  
(4) **PJB BRAND LIMITED**  
(5) **MAKEZO LIMITED**  
(6) **GEORGE CHIRSITIDES & CO EE**  
(7) **VISON AP DWW-LLC**  
(8) **FIBERTEX MON IKE** **Defendants**

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**Thomas St Quintin** (instructed by **Brandsmiths**) for the **Claimants**  
**Andrew Norris** (instructed by **Edwin Coe LLP**) for the **First to Fourth Defendants** and  
the **Proposed Ninth to Twelfth Defendants**

**Hearing date:** 1 April 2019  
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**Approved Judgment**

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

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**Master Clark:  
Application**

1. This is my judgment on that part of the claimants' application dated 21 March 2019, which seeks to add 4 additional defendants to the claim:
  - (1) Vivendi Village SAS ('D9'), as 9<sup>th</sup> defendant;
  - (2) Ms Corinne Marguerite Anastasie Bach ('D10'), as 10<sup>th</sup> defendant;
  - (3) Ms Peggy Nadia Aline Bathias ('D11'), as 11<sup>th</sup> defendant;
  - (4) Mr Simon John Gillham ('D12'), as 12<sup>th</sup> defendant;and to amend the Particulars of Claim to set out their claims against the proposed additional defendants ("the joinder application").
2. The joinder application is opposed by the first to fourth defendants and the proposed additional defendants ("the A/Ds") (although not formally served), all represented by the same solicitors and counsel. It would appear that the fifth to eighth defendants have not been served with the claim, and they have not participated in the application. I refer to the first to fourth defendants as "the defendants".

**Parties and the claim**

3. The claimants are the owners of EU and UK trade marks comprising the words "Beverly Hills Polo Club" and an image of a polo player on a horse holding a mallet above their head.
4. The first defendant ('D1') describes itself as a boutique international licensing agency representing writers, artists and brand owners. It does not sell products. Its business is to grant licences to others to make products under a variety of signs and names. The second defendant ('D2') is a director of D1. The third defendant ('D3') operates a polo club in Greenwich, Connecticut, USA under the name "Greenwich Polo Club".
5. D1 has created 3 signs for the purposes of D3's merchandising and licensing ("the Signs"). The claimants complain about the use of the Signs in the UK and/ or the EU. The primary complaint against D1 is that it has sought to grant licences and granted licences to use the Signs. The claimants also allege that D2 and D3 are jointly and severally liable with D1 for acts of infringement by licensees under licences granted by D1 for use of the Signs to the 4<sup>th</sup> to 8<sup>th</sup> defendants ("the Licences").
6. So far as D2 is concerned, the claimants rely upon the following facts as giving rise to his joint and several liability with D1 in respect of D1's acts about which the claimants complain:
  - (1) D2 was a director of D1 at all material times;
  - (2) D1's website states that D2 is its Chairman and Chief Executive Officer;
  - (3) in a witness statement made by D2 in September 2017 in EUIPO opposition proceedings, D2 described himself as Chairman and founder of D1, and stated that he had "experience and history in dealing with D3's licensing program";
  - (4) the Licences were signed by D2, from which, it is to be inferred, allege the claimants, that D2 was the person within D1 who made all the decisions in respect of the grant of the Licences;

- (5) the fact that in March 2017 an employee of D1 stated in an email that the grant of a Licence could proceed because D2 had confirmed that it could.
7. In their proposed Amended Particulars of Claim, the claimants also rely upon □34 of the Defence and Counterclaim, where the defendants state:
- “The Second Defendant is a director of the First Defendant and is responsible for negotiating and executing its licences. He does not own the First Defendant and works as an employee with a “line manager” to whom he is accountable and has to report. The First Defendant is part of the Vivendi group, a multibillion, multinational telecommunications, audiovisual media group. The First Defendant’s licensing activities form part of that group. The First Defendant is wholly accountable to and managed by employees of the Vivendi Village SAS group of companies, which itself forms part of the Vivendi group.”
8. D9 is a French company. It is part of the group of companies that has since 30 June 2016 owned D1, and since December 2016 it has been the sole owner of D1. In their proposed claim against D9, the claimants rely upon the averment in □34 of the Defence and Counterclaim that D1 was “wholly accountable to and managed by employees of” D9’s group of companies.
9. D10, D11 and D12 are individuals, who have been directors of D1 since 28 July 2017. In their proposed Amended Particulars of Claim, the claimants rely upon the fact that, since their correspondence address is D9’s registered office, it is to be inferred that they are the persons to whom D1 was “wholly accountable”.
10. On 12 November 2018 the claimants served a Request for Further Information in respect of □34 of the Defence:

*“Of “[D2] works as an employee with a ‘line manager’ to whom he is accountable and has to report.”*

*And of “the First Defendant is wholly accountable to and managed by employees of the Vivendi Village SAS group of companies...”*

#### Requests

1. Who is the line manager of the Second Defendant to whom he is allegedly accountable and to whom he has to report?
  2. In respect of each of the employees of the Vivendi Village SAS group of companies to whom the First Defendant is alleged to be wholly accountable, and/or who are alleged to manage the First Defendant:
    - a. What is that employee’s name?
    - b. Of which company within the Vivendi Village SAS group of companies is that person and employee?
11. The defendants responded to the request on 26 November 2018, sending a draft Amended Defence to the claimants and stating:

“Our strong view remains that [D2] should not be named as a defendant... [D2] has merely carried out his duties as a director of D1.

...

We trust that the amendments to the Defence deal with your clients’ Part 18 Request. As now pleaded in paragraph 34, following the purchase of D1 by Studiocal SAS the Board of Directors of D1 was reorganised. Further changes have taken place since, including the subsequent transfer of D1 to [D9] as pleaded in the Defence. This is a matter of public record. Some of the former directors have left Vivendi. In the same way that [D2] reported and was “accountable” to the board before the sale of D1, he continued in the same manner following the sale.”

12. Immediately before the hearing of the joinder application, I gave permission to amend the Defence and Counterclaim. In its amended form, □34 now reads:

- a. The First Defendant has been a leading licensing organisation in the United Kingdom and throughout the World for decades. It has had offices around the World servicing the needs of its many clients. The First Defendant has granted licences in respect of a large number of other brands and franchises, including Paddington Bear, The Snowman, and Beatrix Potter. GPC is just one of the brands licensed accordingly.
- b. The Second Defendant is a director of the First Defendant and is responsible for negotiating and executing its licences in Europe, but he personally does not negotiate or sell the Licences. The licences granted are negotiated and sold by the employees of the First Defendant acting in the course of their employment or sub-agents appointed by the First Defendant acting in accordance with their contract of representation. The Second Defendant signed the agreements as the director. Another director has been responsible for overseeing the licensing of the Third Defendant’s brand in Asia. There were 4 directors of the first defendant at all material times up to 30 June 2016 and all had differing roles.
- c. The Second Defendant reported to the other directors up to the date of the purchase of the First Defendant by Studiocal SAS on 30 June 2016. Following the purchase, the Second Defendant’s role remained the same, but he reported to a reconstituted board of the directors of the First Defendant which include Studiocal employees.
- d. HeAccordingly, the Second Defendant does not own the First Defendant and works as an employee with a ‘line manager’ a director and reports to a board on which he continues to sit and to whom he is accountable and has to report. The First Defendant is. In December 2016 ownership of the First Defendant was transferred from Studiocal SAS to Vivendi Village SAS. Since 30 June 2016 the First Defendant has been part of the Vivendi group, a multibillion, multinational telecommunications, audiovisual media group. The First Defendant’s licensing activities form part of that group. The constitution of the board of the First Defendant has changed on numerous occasions and is a matter of public

~~record is wholly accountable to and managed by employees of the Vivendi Village SAS group of companies, which itself forms part of the Vivendi group.”~~

13. The claimants also rely upon the assertion in the Amended Defence that D2 was accountable to the board of D1, which as at the date of the Amended Defence comprised D10 - D12.
14. D10, D11 and D12 have made witness statements in response to the application, in which all of them confirm that they are directors of D1, but deny any involvement in the activities of which the claimants complain of. They each set out their respective roles in relation to D1’s business.

### **Legal principles**

15. It was common ground that the test for whether to give permission for the proposed amendments was whether the claim made by them had a real prospect of success, applying the principles set out in the well known decision of *Easyair v Opal Telecom* [2009] EWHC 339 (Ch). The burden of proof is on the claimants.
16. As to joint tortfeasorship, the claimants’ counsel referred me to HHJ Hacon’s analysis of joint liability by common design in *Vertical Leisure v Poleplus* [2015] EWHC 841 (IPEC) at [64] to [65]:

“64. Thus, for the alleged joint tortfeasor to be liable he must have intended that his own act would assist the tort (although he need not have been aware that the act of the primary tortfeasor was, in law, a tort). By implication it is necessary that he knew of the intended act of the primary tortfeasor at the time of his own act.

65. The second limiting feature is the requirement that the alleged joint tortfeasor has actively co-operated with the primary tortfeasor. The two features are to be taken together:

‘The required limitation on the scope of liability is achieved by the combination of active co-operation and commonality of intention. It is encapsulated in Scrutton LJ’s distinction between concerted action to a common end and independent action to a similar end, and between either of these things and mere knowledge of the consequences of one’s acts.’ (at [44])”

(referring to the judgment of Lord Sumption in *Sea Shepherd UK v Fish & Fish Ltd* [2015] UKSC 10)

17. He also referred me to the analysis of authorisation by Kitchin J (as he then was) in *Twentieth Century Fox v Newzbin* [2010] FSR 21 at [90] –[91].
18. However, the liability of directors for the tortious acts of the company of which they are directors requires careful analysis. The principles are set out in *MCA Records Inc v Charly Records* [2001] EWCA Civ 1441; [2202] FSR 26; and are

helpfully summarised in *Copinger and Skone James on Copyright* (17<sup>th</sup> edn) at 21-67:

“If a company has committed an act of infringement, the directors and controlling shareholders may in certain circumstances be personally liable. Of course, if the director or shareholder himself has actually committed an infringing act (albeit on behalf of the company) he is liable. For example, a director of a music publishing company would be liable if he were to photocopy sheet music without the licence of the copyright owner, and it would be no defence to say that he did it on behalf of the company. Also, a director may be liable for having authorised an act of infringement. However, directors of a company are not liable simply because they are directors. Furthermore, in general, a director will not be liable if he does no more than carry out his constitutional role in the governance of the company, that is to say by voting at board meetings.

...

The position is also different if the director or shareholder is exercising control otherwise than through the company’s constitutional organs. If that is the case, he will be liable as a joint tortfeasor if the circumstances are such that he would be so liable if he were not a director or controlling shareholder. It will not be a defence for him to contend that he could have procured the same acts through the exercise of constitutional control. Thus, for example, if a director exercising control otherwise than through the company’s constitutional organs personally orders or procures the commission of an infringing act, he is liable. So too if in some other way he and the company join together in a concerted action to secure that the infringing act is done. It is not essential to establish a knowing, deliberate, wilful participation in the alleged tort. Each case depends on its own particular facts.”

#### *Claimants’ submissions*

19. The claimants’ counsel primarily relied upon □34 of the Defence in its unamended form.
20. He submitted that since the statements made in the unamended □34 were supported by a statement of truth, the claimants must have a real prospect of success in establishing them, notwithstanding that some of them have been deleted in the Amended Defence. I accept that submission.
21. He particularly relied upon the statement that D2 “works as an employee with a “line manager” to whom he is accountable and has to report”. He submitted that its effect was to assert that it was the line manager who made the decisions as to the grant of licences of the Signs. Authorising in this case, he said, consists of making the decision that D1 will grant the licence, purporting to have D1’s authority to grant it and then granting it. Although the reference to line manager has been deleted in the Amended Defence, D2 has never explained the reference to line manager in the original Defence. His decision not to waive privilege does not, he submitted, give rise to inferences against him; but equally does not give rise to inferences in his favour.

22. Further, since D2 is a director of D1, it follows, the claimants' counsel said, that the line manager must also be a director of D1, because D2 would not be accountable to a person lower in the corporate hierarchy than him.
23. Similarly, he submitted, the statement in unamended □34 that D1 is "wholly accountable to and managed by employees of the [D9] group of companies" gives rise to the inference that the relevant employees are directors; and the A/Ds have confirmed in correspondence that they together with D2 constitute the board of D1. He submitted that, if those directors manage D1, then they have at least entered into a common design with D2 and D1 to undertake or continue the acts of which complaint is made; and so are jointly liable with them.
24. He made a number of criticisms of the evidence of D10 - D12. They had not, he said, given a full account of what occurred at D1's board meetings in relation the grant of licences of the Signs – they had not set out what was said, or exhibited board minutes. He also criticised the A/Ds' evidence for not dealing with the directors' roles outside board meetings, and not stating that this did not involve decisions about licensing.
25. As for D9, he relied upon the fact that D9 is the employer of D10 and D12. He submitted that they were therefore acting on *its* behalf in their roles as directors of D1. This was, he submitted, sufficient involvement in D1's activities to render D9 a joint tortfeasor with D1.

*Additional defendants' submissions*

26. The A/Ds' counsel submitted that the liability of D10-D12 required showing an active involvement that went beyond their constitutional role as directors: referring to and relying upon *Charly Records*. The fact that directors receive reports as to infringing activities and make decisions in respect of them is not, he submitted, sufficient to take them outside that constitutional role.
27. He submitted that their witness statements show that they have no involvement in the licensing activities complained off. This, he said, is consistent with the defendants' position as set out in unamended □34: D2 signs the agreements and reports to his line manager. There is, he said, no evidence that the line manager is making the decisions to grant licences.
28. As for D9, he referred me to *Anan Kasei Co Ltd v Molycorp Chemicals & Oxides (Europe) Ltd* [2019] EWHC 881 (Pat) at [17], [33] and [37] to [40], from which the following propositions can be derived
  - (1) being a parent company is not of itself sufficient to be a joint tortfeasor: [17];
  - (2) the fact that a parent company ultimately has power or control over its subsidiary does not mean that the parent must be taken to have been so actively involved in the infringing activities of its subsidiaries as to become a joint tortfeasor: [33];
  - (3) the fact that a directors or employee of the parent is her/himself a director of the subsidiary (and therefore involved in its activities) does not of itself mean that s/he is acting on behalf of the parent so as to make the parent liable as joint tortfeasor for the acts of the subsidiary: [38].

29. Relying on this case, he submitted that it was not sufficient to render D9 liable that the directors of D1 were its employees; and that there was no evidence of D9's involvement in D1's infringing acts.
30. Indeed, in respect of all the A/Ds, it was, he submitted, necessary for the claimants to allege and prove an active involvement in the infringing acts alleged, as opposed to an active involvement in the management of D1.

*Discussion*

31. I accept the A/Ds' counsel's submission that D10-D12 cannot be liable as joint tortfeasors for acts carried out by them only in their constitutional role as directors of D1, even where those acts render D1 itself liable for infringement. It is not sufficient to allege that those directors acted together in a common design; it is necessary to allege (and set out the factual basis for so alleging) that they did so outside that constitutional role. The proposed Amended Particulars of Claim does not do so.
32. I turn to the criticisms made by the claimants' counsel of the A/Ds' evidence. The criticism that the directors have not given an account of what occurred in board meetings or exhibited minutes of those meetings is in my judgment misconceived, because that evidence relates to the exercise of their constitutional role as directors and is irrelevant for the reasons I have already given.
33. The criticism the directors have not given evidence about their role outside the board is not, in my judgment, correct. So far as D10 is concerned, she states that her role within D1 involves advising the board on content and media opportunities for the properties it represents, notably Paddington Bear. D11 gives her title as finance director, and sets out what is involved in that role – the preparation of management accounts and annual budgets of income and expenditure. D12's evidence is that he is the chairman of the board of D1. He is also Président of D9, and sits on the boards of a number of its subsidiaries.
34. There is nothing in the directors' evidence that provides any support to a claim that D10-D12 were sufficiently involved in the licensing activities of D1 to render them liable as joint tortfeasors.
35. I turn then to the claimants' primary submission, namely that the liability of D10-D12 arises out of the fact that D2 was accountable to a line manager, and that it is to be inferred that the line manager referred to was one of D10-D12, being D2's co-directors.
36. The first point to note is that this basis of liability is not pleaded in the proposed Amended Particulars of Claim. The only basis on which D10-D12 are pleaded to be liable as a result of being persons to whom D2 was accountable is as the board of D1, not individually as line managers.
37. More importantly, D10-D12's liability cannot in my judgment be based on D2's accountability to one of them as his line manager.



38. The starting point is the extent of D2's admitted role as set out in the unamended Defence, namely negotiating and executing the relevant licences. These are not of themselves infringing acts. Nor is the grant of a licence of an infringing sign itself an act of primary infringement. As is effectively accepted in para 25.3 of the proposed Amended Particulars of Claim, the only liability arising from the grant of a licence is that of a joint tortfeasor who has, by granting the licence, arguably authorised or procured the infringements by the licensees.
39. Before D1 granted the licences complained of, it had of course to decide to do so. It may have done so in a board meeting – in which case no personal liability of the directors arises. It may have delegated its authority to do so to a director, who took the decision that D1 should grant a licence. However, the act of joint tortfeasorship is the grant itself, which could only be done by D1 – as is indeed pleaded in para 25.3 of the proposed Amended Particulars of Claim: the act complained of is “entering into licence agreements”. D1 is therefore the relevant (and only) joint tortfeasor in respect of the grant of the licences.
40. As noted by HHJ Hacon in *Vertical Leisure* (at para 24), there is no standalone civil liability by reason of procuring (or authorising) a tort committed by another: see *Credit Lyonnais Bank Nederland NV v Export Credits Guarantee Department* [2000] 1 A.C. 486 at 497-500. In that case, it was held that an employer was not vicariously liable for the acts of an employee who was himself only liable through being a joint tortfeasor. Similarly, in this case, by granting licences, D1 is the alleged joint tortfeasor, and there is no standalone liability for authorising or procuring D1 to grant those licences. The claimants therefore have no real prospect of showing that either D2 nor his “line manager” were joint tortfeasors with D1 or its licensees.
41. If I am wrong about that, I also reject the claimants' submission that the fact that D10-D12 are directors of D1 of itself provides a basis with a real prospect of success in showing that one of them was D2's “line manager”, in circumstances where D1 was owned by D9, and part of the Vivendi group which the defendants describe as “a multibillion, multinational telecommunications, audiovisual media group”. In such an organisation there are multiple other candidates for the position of D2's line manager, and the fact that D10-D12 are D2's co-directors is not enough of itself to give the claimants a real prospect of success in showing them to be D2's line manager.

#### *D9*

42. A similar argument to that set out in paras 38 to 40 above applies to D9. Even if D9 could be shown to have some involvement in the granting of licences by D1 (e.g. by authorising or procuring the grant) that would not render it a joint tortfeasor with D1 for same reasons.
43. If I am wrong about that, in my judgment, the fact that the directors comprising D1's board (to whom it is accountable and by whom it is managed) are D9's employees is not sufficient to render D9 liable for D1's acts. To do so, it would also be necessary to show that in acting as directors, they were acting on its behalf. It is not sufficient to show that they represented its interests on the board of D1: see *Anan Kasei*.

**Conclusions**

44. For these reasons, therefore, I dismiss the joinder application.