



Neutral Citation Number: [2023] EWHC 217 (Ch)

Case No: IL-2022-000042

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

The Rolls Building  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NL

Date: 10 February 2023

**Before:**

**DAVID STONE**  
**(sitting as a Deputy High Court Judge)**

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**Between :**

**TANGLE INC**  
**- and -**  
**(1) ONE FOR FUN LIMITED**  
**(2) DAVID JONATHAN MORDECAI**  
**(3) MARK EDWARD COLLEY**  
**(4) JOANNA ELIZABETH BURTON**

**Claimant**  
**Defendants**

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**Mr Jonathan Moss** (instructed by **Keystone Law Limited**) for the **Claimant**  
**Mr Richard Davis** (instructed by **Birketts LLP**) for the **Defendant**

Hearing date: 1 December 2022  
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**APPROVED JUDGMENT**

**David Stone (sitting as Deputy High Court Judge) :**

1. At the case management conference in this matter, I heard argument on an application to strike out the claim as against the Second, Third and Fourth Defendants. I announced my decision to accede to the application in relation to the Third and Fourth Defendants, but not the Second Defendant. However, as time was short, I gave only brief reasons, and offered to provide more detailed reasons if requested. The Claimant's counsel made that request. These are my reasons.
2. The Claimant owns the intellectual property rights in a toy product called the Tangle. The Tangle is based on a wooden sculpture created by Mr Richard Zawitz in or around 1975, which in turn was based on drawings by Mr Zawitz. Smaller versions of the Tangle sculpture have been created since 1981. Copyright is asserted in the drawings, the sculpture and the variations.
3. The Claimant claims infringement of that copyright by the Defendants. The First Defendant is a Scottish toy wholesaler and retailer. It is a substantial and well-established company, with almost 100 employees and a turnover of around £16million. It plans to sell a toy called the Jumbly, and has displayed mocked-up packaging and products at a toy fair in London. Currently, its orders of the Jumbly toys are sitting offshore, awaiting the resolution of these proceedings.
4. The Second, Third and Fourth Defendants are the three directors of the First Defendant. The claim against the Second, Third and Fourth Defendants is put on the basis of joint tortfeasance. It is therefore necessary briefly to set out the pleadings.

**The Pleadings**

5. Paragraph 23 of the Particulars of Claim states:

“23. In support of their case on copying, the Claimant will rely on the following:

  - (1) The Defendants have previously been involved in selling versions of the Claimant's Tangle products.
  - (2) The Claimant's Tangle products are well-known in the market place.
  - (3) The Jumbly Product so closely resembles the Claimant's Tangle products that it must be a copy of them.”
6. Under the heading “Joint Tortfeasance”, the Particulars of Claim state:

“27. The Claimant relies on the facts and matters set out above as showing that the Defendants have committed acts of primary and/or secondary infringement.

28. The Defendants are jointly and severally liable for the acts of infringement contained herein. The Defendants have authorised,

procured, facilitated and otherwise assisted in concert with each other to commit said acts.

29. Alternatively, the Second, Third and Fourth Defendants have authorised the infringement of the Claimant's copyrighted works and/or has procured the First Defendant to infringe. The Claimant will rely on the particulars of knowledge set out above at paragraph 20 [although this is a typographical error - 23 (set out above) was meant] as well as:

(1) The Defendants are, and have been, on notice that the Claimant objects to the conduct.

(2) The Second to Fourth Defendants control the First Defendant and stand to gain personally from any sales of the Jumbly Product.

(3) The Second Defendant controls and operates, through his roles as director and controlling shareholder, the First Defendant; and

(4) The Defendants, through their pre-action correspondence, have taken the view that they are entitled to conduct things in the manner that they have and as such have acted in concert with each other.”

7. The Defence states:

“32. The Claimant's plea of joint tortfeasance is specious, almost entirely unparticularised and is liable to be struck out.

33. Paragraph 27 of the Particulars of Claim is noted. The Defendants['] response to the facts and matters relied upon in paragraphs 1 to 26 of the Particulars of Claim is as previously set out.

34. Paragraph 28 of the Particulars of Claim is denied. Moreover it is entirely unparticularised and liable to be struck out.

35. Paragraph 29 of the Particulars of Claim is denied. In relation to the asserted reliance on particulars of knowledge, (1) it is not understood why particulars of knowledge are of relevance to the allegations made in the first sentence of the paragraph; and (2) no particulars of knowledge are set out in paragraph 20 of the Particulars of Claim or indeed anywhere in the Particulars of Claim.

36. On the assumption that the four sub-paragraphs to paragraph 29 are particulars of authorisation/procurement of the First Defendant by the Second to Fourth Defendants, the Defendants will say as follows:

(1) It is admitted that all the Defendants have been put on notice that the Claimant objects to the conduct of the First Defendant but it is not understood how this goes to the allegation of authorisation/procurement.

(2) As previously set out, the Second to Fourth Defendants act as directors to the First Defendant. In the context of the First Defendant's

turnover of in excess of £16million, they do not stand to gain personally from any sales of the Jumbly Product to anything more than a *de minimis* degree.

(3) The Second Defendant's interest in the First Defendant is as previously set out. He is not a controlling shareholder.

(4) If the Claimant expects a responsive plea to this allegation it needs to particularise the pre-action correspondence relied upon, how that relates to authorisation/procurement of infringement and why it supports a claim to acting in concert. In the absence of such explanation, the allegation is too vague and speculative for the Second to Fourth Defendants to provide a response."

8. In relation to the issues before me, the Reply deals only with paragraph 36(4) of the Defence and states:

"13. As to paragraph 36(4), the Defendants are aware of the correspondence in issue and have chosen to avoid pleading back to it. The email in question is dated 28 January 2022 and was sent by the Second Defendant which stated:

"After having taken extensive legal advice we decided our Jumbly's would be a good addition to our range of product. IP checks were diligently made and included design patents and trademarks."

14. The email goes on to state that the toy was designed based on the Claimant's design patent GB2130106B.

15. In the premises, the Defendants:

15.1. Were aware IP rights could apply; and

15.2 Were aware that those rights could include copyright and other unregistered rights.

16. Furthermore, the Claimant will rely on this email as evidence that the Defendants were involved in the design and manufacture of the Jumbly based on the First Defendant's admission that:

"We have based our toy on the design patent GB2130106B"."

9. As set out above, the Defendants seek to have the case against the Second, Third and Fourth Defendants struck out. Counsel for both parties submitted that I had to consider each of those three defendants separately, and each averred/conceded that the case for strike out was better/worse as against the Second Defendant when compared to the Third and Fourth Defendants.
10. Counsel for the Claimant suggested that, rather than striking out the case in relation to any of the Second, Third and Fourth Defendants, the Claimant would consent to the case being stayed to the damages enquiry, so as only to be heard

if the primary case on infringement as against the First Defendant were established.

11. The Defendants filed a witness statement of their solicitor Maria-Christina Peyman. This rehearsed the background to the proceedings, and set out what was described as “The Defendants’ Position”. The Claimant filed in reply a witness statement of its solicitor, Lucy Harrold. This goes a little further, including what is said to be evidence that the Second Defendant is “intimately involved in guiding the day-to-day running” of the First Defendant.

## **The Law**

12. Counsel for the Claimant pointed to *Fish & Fish Ltd v Sea Shepherd UK* [2015] UKSC 10 as the leading case in this area. In summary, the Supreme Court found that a defendant will be liable as a joint tortfeasor if (i) s/he has assisted the commission of the tort by another person, (ii) pursuant to a common design with that person, (iii) to do an act which is, or turns out to be, tortious. Counsel for the Defendants referred me to the more recent review of the law by the Court of Appeal in *Lifestyle Equities CV v Ahmed* [2021] EWCA Civ 675:

“31. Turning to *MCA v Charly Chadwick* LJ noted (in paragraph 47) that in *Mentmore* the question of whether and in what circumstances a director should be liable with the company was described as a difficult question of policy and that in the end a balance has to be struck between two considerations. The first consideration is the distinction between a company as a distinct legal person and its shareholders, directors and officers. The second is that everyone should be answerable for their tortious acts. The judge then made the point that because there was a balance to be struck in each case it was dangerous for an appellate court to attempt a formulation of the principles since it may come to be regarded as prescriptive (paragraph 48). Nevertheless Chadwick LJ did feel able to formulate four principles which he then set out.

32. Given their centrality to the issues on this appeal I will set them out in full:

"49. First, a director will not be treated as liable with the company as a joint tortfeasor 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. That, I think, is what policy requires if a proper recognition is to be given to the identity of the company as a separate legal person. Nor, as it seems to me, will it be right to hold a controlling shareholder liable as a joint tortfeasor if he does no more than exercise his power of control through the constitutional organs of the company—for example by voting at general meetings and by exercising the powers to appoint directors. Aldous L.J. suggested, in *Standard Chartered Bank v. Pakistan National Shipping Corporation (No. 2)* [2000] 1 Lloyd's Rep 218, 235—in a passage to which I have referred—that there are

good reasons to conclude that the carrying out of the duties of a director would never be sufficient to make a director liable. For my part, I would hesitate to use the word "never" in this field; but I would accept that, if all that a director is doing is carrying out the duties entrusted to him as such by the company under its constitution, the circumstances in which it would be right to hold him liable as a joint tortfeasor with the company would be rare indeed. That is not to say, of course, that he might not be liable for his own separate tort, as Aldous L.J. recognised at paragraphs 16 and 17 of his judgment in the *Pakistan National Shipping* case.

50. Second, there is no reason why a person who happens to be a director or controlling shareholder of a company should not be liable with the company as a joint tortfeasor if he is not exercising control though the constitutional organs of the company and the circumstances are such that he would be so liable if he were not a director or controlling shareholder. In other words, if, in relation to the wrongful acts which are the subject of complaint, the liability of the individual as a joint tortfeasor with the company arises from his participation or involvement in ways which go beyond the exercise of constitutional control, then there is no reason why the individual should escape liability because he could have procured those same acts through the exercise of constitutional control. As I have said, it seems to me that this is the point made by Aldous J (as he then was) in *PGL Research Ltd v. Ardon International Ltd* [1993] F.S.R. 197.

51. Third, the question whether the individual is liable with the company as a joint tortfeasor—at least in the field of intellectual property—is to be determined under principles identified in *C.B.S. Songs Ltd v. Amstrad Consumer Electronics Plc* [1988] AC 1013 and *Unilever Plc v. Gillette (U.K.) Limited* [1989] R.P.C. 583. In particular, liability as a joint tortfeasor may arise where, in the words of Lord Templeman in *C.B.S. Songs v. Amstrad* at page 1058E to which I have already referred, the individual "intends and procures and shares a common design that the infringement takes place".

52 Fourth, whether or not there is a separate tort of procuring an infringement of a statutory right, actionable at common law, an individual who does "intend, procure and share a common design" that the infringement should take place may be liable as a joint tortfeasor. As Mustill L.J. pointed out in *Unilever v. Gillette*, procurement may lead to a common design and so give rise to liability under both heads.

33. The important principles are the first two, but before turning to them I note the careful statement by Chadwick LJ in paragraph 51 that

he was stating the principle there at least in the field of intellectual property. As I said above on Lifestyle's appeal, I can see no reason why the principles applicable should differ as between those cases and others. Nevertheless every judicial statement of the law has to be understood in the context and circumstances in which it is made. Like Chadwick LJ, I am seeking to identify the applicable principles in the context of this case, which is about infringements of intellectual property rights.

34. Chadwick LJ's paragraphs 49 and 50 fit together and in my judgment they substantially answer the issue on this appeal. They explain that the grounds on which a company director may be found to be an accessory are not wider than those applicable to other people. So to be found liable one way of approaching the matter will be to ask whether the individual's conduct would make them liable as an accessory in any event, irrespective of their status as a director. Assuming that is so, then the next question is whether the fact that person is a director of the company means they have a defence open to them. They may do so but only if the conduct which has made them potentially liable amounts to their doing no more than carry out their constitutional role in the governance of the company.

35. The last three sentences of paragraph 49 contemplate that even in that circumstance then a director may be still liable, but only in rare cases. Reading Chadwick LJ's judgment as a whole (and see paragraph 54 which I deal with below), he regarded those rare cases – when a director may be liable even though they have done no more than carry out their constitutional role in the governance of the company – as the ones when the very difficult *Mentmore* question of policy would arise.

36. Furthermore the converse is also true. If the individual's conduct does not make them liable as an accessory, then the fact they are a director in and of itself cannot make them liable when they would not be otherwise. That was also made clear by Chadwick LJ in paragraph 37 of the same judgment in which he held that it was a correct statement of the law that a director or other officer of a company may in certain circumstances be personally liable for the company's torts, although they will not be liable merely because they are an officer: they must be personally involved in the commission of the tort to an extent sufficient to render them liable as a joint tortfeasor. Whether they are sufficiently involved is a question of fact, requiring an examination of the particular role played by them in the commission of the tort.”

13. Additionally, counsel for the Claimant referred me to a number of cases in which *Sea Shepherd* has been applied in intellectual property cases: *Vertical Leisure Limited v Poleplus Limited & Anor* [2015] EWHC 841 (IPEC) per HHJ Hacon; *Au Vodka Limited v NE10 Vodka Limited & Anor* [2022] EWHC 2371 (Ch) per Mellor J; and *Birlea Furniture Limited v Platinum Enterprise (UK) Limited & Anor* [2018] EWHC 26 (IPEC) per HHJ Melissa Clarke.

## The Parties' Submissions

14. Put simply, counsel for the Defendants submitted that none of the pleaded allegations is able to sustain, as a question of law, a finding of joint tortfeasance against the Second, Third or Fourth Defendants, even if the evidence of Ms Harrold is taken into account.

### *Phoenixing*

15. First, he addressed me on what he said was “underlying” the Claimant’s claim against the Second, Third and Fourth Defendants. He took me to the *inter partes* correspondence to demonstrate that the Claimant’s expressed concern in the correspondence had been that the Second Defendant might “simply set up another corporate entity to reproduce the Tangle product”, what is also called phoenixing, after the mythical bird that was said to regenerate from the ashes of its predecessor.
16. Dealing briefly with this submission, by the time of the hearing phoenixing was no longer relied on by the Claimant (if it had ever been) – clearly, the First Defendant is a substantial enterprise with many employees and many lines of business other than the Jumbly product. It was not put, but had it been put, I would have rejected the suggestion that any of the Second, Third or Fourth Defendants needed to be added to the proceedings to prevent their avoiding an order against the First Defendant by creating another corporate vehicle to carry on any infringement which is to be found.
17. Second, counsel for the Defendants submitted that the allegations as pleaded by the Claimant, and which I have set out above, are not sustainable in law.

### *Paragraph 23 of the Particulars of Claim*

18. Counsel for the Defendants started with paragraph 23 of the Particulars of Claim – this sets out a basis for the allegation of copying, but is then referred to in paragraph 29 as particulars of knowledge. In paragraph 23 it is alleged that the Second, Third and Fourth Defendants have previously sold the Tangle product, that the Tangle product is famous in the market and that the Jumbly product so closely resembles the Tangle product that it must be a copy. Counsel for the Defendants submitted that none of these allegations is an infringing act so as to make the Second, Third and Fourth Defendants joint tortfeasors. I accept that submission.

### *Paragraph 29 of the Particulars of Claim*

19. Counsel for the Defendants then turned to paragraph 29 of the Particulars of Claim, again saying that this paragraph does not plead any infringing acts which potentially catch the Second, Third and Fourth Defendants as joint tortfeasors. Sub-paragraph (1) is that the Defendants “are, and have been, on notice that the



Claimant objects to the conduct”. Counsel for the Defendants took sub-paragraph (1) together with sub-paragraph (4) which included an allegation that, through their pre-action correspondence, the Defendants have “taken the view that they are entitled to conduct things in the manner that they have and as such have acted in concert with each other”.

20. As set out above, the Reply provides further detail of the correspondence relied on by the Claimant – an email of 28 January 2022 sent by the Second Defendant. I should add that on its face the email was not copied to the Third or Fourth Defendants.
21. Counsel for the Defendants submitted that this does not get the Claimant far enough. Rather, he submitted, the fact that a director of the company was involved in pre-action correspondence does not extend to an allegation that the director was in control of the conduct of which complaint is made. Rather, counsel for the Defendants submitted that all the pleaded email shows is the Second Defendant responding from his company email address to a complaint of infringement raised on behalf of the Claimant. This, he said, cannot constitute an act of infringement in itself, nor does it impose liability for joint tortfeasorship.
22. Counsel for the Claimant submitted that it would not be appropriate to try to construe the email at this point – that, he said, is a matter for trial. At trial, he said, the Claimant will submit that the First Defendant did some clearance searching, and on this basis designed its Jumbly toy. Counsel for the Claimant relied on the use of “we” in the email, saying that meant at least the Second Defendant (whereas counsel for the Defendants submitted that “we” meant the company – the First Defendant).
23. I pause briefly to deal with what counsel for the Defendants accepted was an inconsistency. The Defendants plead, over a statement of truth, that they did not design the Jumbly toy – rather it was selected from an existing product range offered by a manufacturer outside the United Kingdom. On the face of it, this pleading would appear to be inconsistent with the Second Defendant’s email of 28 January 2022. In any event, counsel for the Defendants submitted that the inconsistency does not go to whether the Second Defendant is a joint tortfeasor – but only to the question of whether the First Defendant is a primary infringer. I cannot resolve now whether the First Defendant designed the Jumbly toy or purchased an existing product range. But I do accept counsel for the Defendants’ submission that, even if the First Defendant had designed the toy (contrary to its pleaded case), the email from the Second Defendant cannot serve to fix him with joint tortfeasance.
24. Rather, the email of 28 January 2022, which was in response to a complaint on behalf of the Claimant, is in my judgement the Second Defendant answering on behalf of the First Defendant – I do not read it as an admission that he personally was involved in the design of the Jumbly toy, and it certainly does not implicate the Third and Fourth Defendants in the design of the Jumbly toy.
25. Next, counsel for the Defendants took me to sub-paragraph (2) of paragraph 29 of the Particulars of Claim, which alleges that the Second, Third and Fourth

Defendants control the First Defendant, and stand to gain personally from sales of the Jumbly toy. Counsel for the Defendants submitted that being a director is simply not enough – more is needed.

26. Counsel for the Claimant conceded that simply being a director is not enough (see the comments of Birss LJ in *Lifestyle Equities*). But rather, he said that the Claimant’s pleading goes further than that, and makes particularised allegations (which he conceded were “broad and at a high level”).
27. In my judgment, the allegation in sub-paragraph (2) goes no further than that the Second, Third and Fourth Defendants are directors – and if the allegation does go further than that, it does not go as far as to allege any relevant tortious conduct.
28. Finally, counsel for the Defendants referred to sub-paragraph (3) which alleges that the Second Defendant controls and operates the First Defendant, through his roles as director and controlling shareholder. Counsel for the Defendants submitted that this sub-paragraph on its terms only relates to the Second Defendant: I accept that submission. But, he submitted, the allegation is that the Second Defendant is operating as a director and shareholder – and not something over and above those roles. That submission requires a somewhat strained reading of the text as written, which is set out in full above. For present purposes, it seems to me that the clause “through his roles as director and controlling shareholder” is within a set of commas – such that the allegation that the Second Defendant controls and operates the First Defendant is, in my judgment (at least for present purposes), pleaded.

### **Third and Fourth Defendants**

29. Taking all that into account, I must now stand back and assess the totality of the pleadings and the evidence to assess whether, on the Claimant’s pleaded case, it has a real prospect of success on its joint-tortfeasance claims.
30. In relation to the Third and Fourth Defendants, counsel for the Claimant confined his reliance to paragraph 28 of the Particulars of Claim, with the particulars that the Third and Fourth Defendants have been on notice and have been aware of pre-action correspondence. He expressly relied on nothing further in relation to those two defendants. As I have set out above, that is clearly insufficient to found a claim for joint tortfeasance. Counsel for the Claimant conceded that being a director is insufficient – but he submitted that a director who is involved can still be a joint tortfeasor. That is obviously correct, but here there is no allegation of involvement over and above being a director. Being put on notice and being aware of pre-action correspondence do not create a level of involvement beyond being a director, at least on the facts of this case as I understand them. There is nothing on the pleadings to suggest that the Third and Fourth Defendants co-operated in the alleged infringing acts and nothing to suggest they intended that their co-operation would help bring about the alleged infringing acts. The claims against the Third and Fourth Defendants have no real prospects of success and must be struck out. Nothing suggests to me that this is a pleading issue which could be remedied by repleading. Therefore, I

consider it would not be appropriate to exercise my discretion to stay, rather than strike out, those claims.

## **Second Defendant**

31. The position as against the Second Defendant is different. The pleaded case, as counsel for the Defendants conceded, is stronger. In addition to the allegation that the Second Defendant has “authorised, procured, facilitated and otherwise assisted in concert” to commit the allegedly infringing acts, it is alleged that the Second Defendant “controls and operates” the First Defendant. There is some evidence to support that allegation. Although I was not addressed on it in any detail, Ms Harrold’s witness statement provides some very limited evidence to support the allegation.
32. In my judgment, this gets across the line, but only just. As Mellor J said in *Au Vodka* at paragraph 104:

“My task is not to weigh competing evidence (such as it is) but to assess whether the allegations are sustainable in law. Whilst there is force in the submission just recorded, that is a matter for trial. The upshot is that the allegation that Mr Hogan is jointly and severally liable for the acts of the first defendant survives (just) but is likely to require supplementation by way of further particulars (either now or in due course). ... Accordingly, Mr Hogan must remain as a defendant to the allegation of joint and several liability, as supported by [13(3)&(4)].”
33. I cannot, on the basis of what is before me, say that the joint tortfeasance case against the Second Defendant has no real prospects of success. There is (just) enough on the pleadings to suggest that the Second Defendant co-operated in the alleged infringing acts and (just) enough to suggest he intended that his co-operation would help bring about the alleged infringing acts.
34. However, as counsel for the Claimant consented to the claim as against the Second Defendant being stayed to any quantum hearing, I will make that order.

## **Conclusion**

35. As I ordered at the hearing, the claim as against the Third and Fourth Defendants shall be struck out. The strike out application fails as against the Second Defendant, but, by consent, that claim shall be stayed.