



Neutral Citation Number: [2018] EWHC 1332 (IPEC)

Case No: IP-2017-000122

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS**  
**OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY ENTERPRISE COURT**

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

Date: 06 June 2018

**Before:**

**DAVID STONE**  
**(sitting as an Enterprise Judge)**

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**Between:**

**MEI FIELDS DESIGNS LIMITED**

**Claimant**

**- and -**

**(1) SAFFRON CARDS AND GIFTS LIMITED**  
**(2) PAUL JAMES STEELE**

**Defendants**

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**Ms Ashton Chantrielle (instructed by Keystone Law Limited) for the Claimant**  
**Mr Jonathan Moss (instructed by Steeles Law Solicitors Limited) for the Defendants**

Hearing dates: 25 and 26 April 2018

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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.

**David Stone (sitting as an Enterprise Judge):**

1. Mei Fields designs greeting cards. She has designed over 2300 such cards, many of them involving swatches of fabric decorated with beads, sequins and/or stitching. Images of some of her cards appear later in this judgment. It is alleged that copyright in Mrs Fields' card designs (the "Works") has been infringed by Saffron Cards and Gifts Limited ("Saffron"). It is also alleged that the sole director and shareholder of Saffron, the Second Defendant Mr Paul Steele, is jointly and severally liable for the infringing acts of Saffron.
2. For present purposes, the allegedly infringing greeting cards fall into two groups: the first, which I will call Group A, are cards designed by Mrs Fields and produced and sold by Saffron after 21 March 2016, the date on which the Claimant, Mei Fields Designs Limited ("MFD") terminated the licence it had with Saffron for Saffron to produce cards designed by Mrs Fields. The second, Group B, are cards designed by Saffron's designers which are alleged to be infringing copies of cards designed by Mrs Fields.
3. Saffron and Mr Steele both deny copyright infringement. In relation to the Group A cards, Saffron's main argument is that ownership of copyright in Mrs Fields' cards never sat with her, and so MFD does not own the relevant copyright, and cannot bring these proceedings. The bulk of the two day trial was taken up with the ownership issue. In short, MFD says that Mrs Fields designed the cards and assigned the copyright to it. The Defendants say that when Mrs Fields designed the cards, she was employed by Metropolis Worldwide Limited ("Metropolis") and that Metropolis therefore solely owned the copyright in the cards. Alternatively the Defendants say that, as a director of Metropolis, Mrs Fields only holds any copyright on trust for Metropolis. In the further alternative, the Defendants say that Mrs Fields created the cards together with various employees of Metropolis, and so any copyright is jointly owned with Metropolis. In any event, the Defendants say that Metropolis sold its intellectual property to Saffron in 2014 and that therefore MFD no longer holds any enforceable rights in such property. The ownership issue arises only in relation to cards produced by Mrs Fields prior to 23 December 2013.
4. MFD also alleges that 12 Group B cards created by Saffron in 2014 are unlawful copies of Mrs Fields' designs. Saffron admits that it had access to Mrs Fields' designs, and took the idea of a swatch of fabric attached to a card, but Saffron says that the cards simply are not close enough to infringe any copyright.
5. The Defendants counterclaim for a declaration that they have not infringed any copyright in the cards together with orders for publication and dissemination.
6. Further, Mr Steele says that whilst he was the sole director and sole shareholder of Saffron, he was not sufficiently responsible to be jointly liable for copyright infringement. This is important for MFD because earlier this year Saffron divested itself of most of its assets, so no longer has sufficient assets to meet any judgment against it for copyright infringement.
7. MFD's claim for unpaid royalties was settled prior to the hearing, and I need say no more about it.
8. Ms Ashton Chantrielle of counsel appeared for MFD. Mr Jonathan Moss of counsel appeared for Saffron and Mr Steele.

**Background facts**

9. Many of the background facts are uncontested, although the legal consequences of those facts are hotly disputed.
  - (a) Metropolis was incorporated on 13 January 2000. From then until December 2013, Mrs Fields and her husband Mr Paul Fields ran Metropolis. They were its only directors and shareholders. Both were also employed within the business: Mrs Fields as Design Director and Mr Fields in sales. Both received salaries for their roles.

- (b) Initially, Metropolis distributed cards produced by third parties. It also published a bespoke postcard range for a Japanese distributor. In Spring 2000, Metropolis was granted a licence by the BBC to produce greeting cards, posters and t-shirts for the “Walking with Dinosaurs” series.
- (c) From September 2000 until December 2013, Mrs Fields designed greeting cards that were then produced and sold by Metropolis. These cards included on the back “Designed by Mei Fields” and “Published by Metropolis”. Metropolis had some success – its ranges of greeting cards were sold in larger retailers including John Lewis, Paperchase, Selfridges, Liberty, Fortnum & Mason and Waitrose.
- (d) In April 2011, suffering from cash flow problems and following professional advice, Metropolis entered into a Company Voluntary Arrangement (“CVA”). Metropolis continued to trade.
- (e) In April 2012, following an approach from a third party wishing to license Mrs Fields’ designs, Mr and Mrs Fields took advice, and set up the Claimant, MFD, to own and exploit the copyright in Mrs Fields’ designs for greeting cards. On the same day that MFD was incorporated (10 April 2012), a document was signed purporting to be an assignment to MFD of all copyright owned by Mrs Fields in the cards she had designed and in all future cards (the “10 April 2012 Document”). The legal effect of that document is in dispute. On 12 April 2012, MFD entered into two licence agreements as licensor, one with Metropolis and one with Swan Mill Paper Company Limited. A Metropolis board minute of 17 April 2012 also mentions the set up.
- (f) Despite the CVA, Metropolis struggled financially. In December 2013, Metropolis stopped making payments into the CVA and filed an intention to go into administration. Mr Philip Armstrong was appointed as one of the joint administrators. The assets of the business were offered for sale. These expressly excluded the copyright in the cards designed by Mrs Fields, as noted in:
  - i. Mr Steele’s email to one of his advisors dated 6 December 2013;
  - ii. The posting of the assets at IP-BID.com on 10 December 2013;
  - iii. The internal memo from FRP Advisory dated 17 December 2013; and
  - iv. The letter from FRP Advisory to creditors dated 17 January 2014.
- (g) Mr Steele, who is not himself particularly creative (his words) but has a long experience in creative industries, expressed an interest in buying Metropolis’s assets. Mr Steele incorporated Saffron on 12 December 2013 as a corporate vehicle to own the assets acquired from Metropolis. Saffron entered into a licence with MFD on 23 December 2013 (the “Licence Agreement”) under which Saffron would produce cards to designs licenced from MFD. The Licence Agreement is clear on its terms that MFD owns all copyright in the designs created by Mrs Fields. Mr and Mrs Fields were paid out on the termination of their employment with Metropolis as at 31 December 2013. Whilst it was originally intended that Mr Fields be employed by Saffron as a sales director, that was not in the end pursued by Mr Steele.
- (h) On 9 January 2014, Saffron purchased “certain of the business and assets” of Metropolis for £20,000.
- (i) Mr Steele moved into Metropolis’ premises in January 2014 and Saffron took over the business of Metropolis, including the employees (other than Mr and Mrs Fields). On the premises at the time Saffron moved in were a computer in the art department on which Mrs Fields’ digital artwork was stored; archived samples of all of Mrs Fields’ designs published by Metropolis; catalogues showing Mrs Fields’ designs; warehouse stock and a permanent display of cards in the show room.

- (j) Whilst Mrs Fields initially designed cards for Saffron under the terms of Saffron's Licence Agreement with MFD, the relationship soon soured. There is evidence of disputes between Mr and Mrs Fields on the one hand, and Mr Steele on the other hand, as early as April and May 2014.
  - (k) On 20 October 2014, Mrs Fields discovered that Saffron had launched two ranges of cards called Adorn and Couture. The Adorn and Couture ranges (which included the Group B cards referred to above) were launched in October 2014. MFD alleges that cards in both ranges are copies of cards designed by Mrs Fields.
  - (l) Saffron withheld royalty payments to MFD as early as July 2014, and then stopped paying royalties altogether in February 2016. On 21 March 2016, MFD terminated the Licence Agreement. Saffron continued to sell cards designed by Mrs Fields, including to John Lewis, Waitrose, Waterstones, Tesco and online via Amazon (ie the Group A cards).
  - (m) A letter before action was sent on behalf of MFD on 30 June 2016, although the parties had been in correspondence prior to that date. These proceedings were commenced on 5 July 2017.
  - (n) It was announced in the industry press on 6 March 2018 that Mr Steele had retired after 40 years in the card and gift trade. The same article announces the transfer of Saffron's assets to a third party card and gift company.
10. I note for completeness that the uncontested evidence before me was that it takes at least six months to prepare a new handmade range of greeting cards from initial design concept to launching the product on the market.
11. The written evidence included reference to a number of other incidents where the parties' accounts of events differed. It was submitted by both parties that these were irrelevant to the issues before me. It is important in legal proceedings, and particularly proceedings in the IPEC, to confine the evidence to the issues between the parties. I was asked not to determine these additional irrelevant issues, and I have not done so. For the avoidance of doubt, I include in those issues the views of the various buyers at Waitrose. Although counsel for MFD urged me to take these into account, as counsel for Saffron rightly pointed out, this is not a passing off or trade mark case, so evidence of misrepresentation or confusion is irrelevant.

### **Witnesses**

12. MFD relied on the following witnesses:
- (a) Mrs Fields provided two witness statements, and was cross-examined. The Defendants conceded that Mrs Fields was "a fair witness in parts". Three criticisms were made of her evidence. First, it was said that when pushed on some of the key details of her evidence, she was evasive and not willing to accept obvious points. Second, it was said that her evidence on her "understanding" of copyright ownership was "wholly unreliable" and "untrue". Third, she was criticized for not having produced any design documents for the designs in issue. I return to the first two of these matters below, but in my judgment, Mrs Fields was a reliable witness. She gave her evidence frankly and carefully. Her oral evidence was consistent with her written testimony, and with that of other witnesses. She maintained her position in the face of a skilful and sustained attack on her credibility in cross-examination. She did not always recall events of some years ago, but she accepted this. I do not accept the criticisms of her evidence. In relation to the third criticism, I do not accept that Mrs Fields was required to adduce her design documents, given the way in which the Defence was pleaded. Although ownership of copyright was contested, subsistence was not.

- (b) Mr Fields has worked closely with Mrs Fields in the greeting card business for many years. He provided two witness statements and was cross-examined. The Defendants' counsel also described his evidence as fair "in parts". The criticisms of his evidence relate to what should or should not have been included in the CVA which he and Mrs Fields signed as directors of Metropolis in 2012, and the same criticism as for Mrs Fields is made against his evidence of the "understanding" referred to in the immediately preceding paragraph. Again, I do not accept these criticisms, to which I will return below. Mr Fields was excluded from the courtroom whilst his wife was cross-examined. He, too, was skilfully cross-examined by Mr Moss. He stood his ground, and his oral evidence was entirely consistent with his written evidence, and the oral evidence which had been given in his absence by Mrs Fields.
- (c) Mr Armstrong was one of the joint administrators of Metropolis. He gave brief written evidence in relation to the sale of the assets of that company and was cross-examined. All parties accept that he was a fair witness.
- (d) Ms Emily Dorange worked at Metropolis as a junior designer. She gave brief written evidence of Mrs Fields' design process and was cross-examined. She was a fair witness. However, she admitted under cross-examination that she had not worked with Mrs Fields on any swatch designs – some of the Group A and all of the Group B cards are swatch designs. The Defendants therefore submitted that, whilst fair, her evidence was of little relevance in relation to those designs. But her evidence in relation to other types of designs was not challenged.

13. The Defendants relied on the following witnesses:

- (a) Mr Steele provided two witness statements, on which he was cross-examined. Mr Steele was criticized by counsel for MFD as a "slippery witness". It was said that in answering questions put to him, he tried to "work out" the purpose of the question and avoided answering even when, it was said, the answer was an obvious one. I accept this criticism to the extent it relates to his evidence of his activities within Saffron. Again, I return to this further below, but it appeared to me that Mr Steele was keener to enunciate his position that he and Saffron were and are separate entities than he was to answer the specific questions put to him. Further, where he tried to explain what was meant in various documents, I prefer to rely on what the documents actually say, rather than his interpretation of them.
- (b) Mrs Vicky Marsh (née Foster) was a Senior Designer at Saffron between 2014 and 2018. She had never worked at Metropolis. She gave evidence of her design process, and how she "[went] out of [her] way to progress new swatch based greeting card ranges". MFD's counsel criticised Mrs Marsh as an unreliable witness, suggesting that she was trying to protect Mr Steele. Counsel for MFD said that Mrs Marsh often looked at Mr Steele in court before answering. Two inconsistencies in her evidence were highlighted: the whereabouts of her own design drawings (whether they were disposed of, or kept in six or so folders) and the process by which beads were chosen in India. A further criticism of Mrs Marsh was that she had not provided her design drawings for any of the allegedly infringing Group B cards. Having had the benefit of seeing Mrs Marsh giving her oral testimony, she was, in my judgment, trying to do her best, but against a background of attempting to refute allegations that she and another Saffron designer, Ms Mandy Manley, had copied cards designed by Mrs Fields. At times, she was keener to defend herself than to answer the question put to her. Her evidence was also at times internally inconsistent. Where Mrs Marsh's evidence is inconsistent with the documentary evidence, I prefer the documentary evidence. It therefore follows that I do not accept her evidence on a number of issues, to which I return below.

- (c) Ms Viv Barlow was an accounts manager, employed by Metropolis and then by Saffron. Whilst she gave evidence in her witness statement as to Mrs Fields' design process, she accepted under cross-examination that she worked on a different floor at Metropolis's premises. Ms Barlow accepted in cross-examination that Mrs Fields and Ms Dorange were better placed than she was to describe the running of Metropolis's art department. I have taken that into account in relation to her testimony. She also gave evidence of her opinion as to how the Adorn and Couture ranges differ from earlier cards produced by Mrs Fields: I do not consider that this evidence assists me.
14. MFD's counsel criticised the Defendants for not adducing evidence from Ms Manley, a junior designer who worked at both Metropolis and at Saffron. She worked with both Mrs Fields and with Mrs Marsh. The independent designs relied on by the Defendants were in her hand-writing. Her absence was never explained. I return to this below.
15. Counsel for the Defendants argued at the trial that I could not take account of a bundle of documents within the trial bundles because they had not been properly disclosed in accordance with the CPR. Mr Moss excluded from this submission any documents in that bundle to which witnesses had been specifically taken. Ms Chantrielle for MFD resisted such a submission on the basis that the bundle had been properly disclosed. I would add that many of the documents were the Defendants' own documents. However, I do not need to resolve this controversy: having reviewed the bundle, it is plain to me that the only documents relevant to issues in the case are those to which witnesses were specifically taken. The other documents are not relevant. Ms Chantrielle appeared to accept this in her reply submission at the close of the hearing.

#### **List of issues**

16. The list of issues ordered at the CMC before HHJ Hacon was as follows:
- 1) Whether MFD is the sole owner of the copyright in the Works or whether they are owned jointly or individually by Metropolis.
  - 2) Whether the Works were created within the scope of Mrs Fields' employment relationship with Metropolis.
  - 3) Whether Metropolis is the beneficial owner of the Works due to Mrs Fields' position as a director of Metropolis.
  - 4) Whether the 10 April 2012 Document amounts at law to an assignment of any copyright.
  - 5) Whether the Defendants have infringed the copyright in the Works pursuant to sections 17, 18, 22 and/or 23 of the Copyright, Designs and Patents Act 1988 (the "CPDA").
  - 6) Whether the Licence Agreement is voidable due to MFD's and Mrs Fields' representations that they were the owner of the Works, in particular whether MFD breached 11.1(a) and 11.1(b) of the License Agreement.
  - 7) Whether the Defendants have breached Clauses 8.2, 8.3, 29 and 19.1(c) of the Licence Agreement.
  - 8) Whether the acts complained of have been committed pursuant to a common design and/or whether the Defendants are jointly and severally liable with each other in respect of all the acts complained of.
17. By agreement between the parties, issue 6 above in relation to whether or not the Licence Agreement is voidable was held back to any damages enquiry should there be one.
18. As noted above, issue 7 was settled prior to trial.
19. Although the list of issues can be simply stated, the Defendants ran their case, by their counsel's averment, like a stack of matryoshka dolls. Each defence contained another, which contained another. Pleading and disclosure issues were raised. Four contracts required

interpretation. This all occupied court time, such that counsel had to cut themselves short in dealing with issues. Indeed, unusually for a copyright case, I was never actually taken to the allegedly infringing cards at issue in these proceedings. As HHJ Birss QC (as he then was) set out in *Comic Enterprises Limited v Twentieth Century Fox Film Corporation* [2012] EWPC 13 at paragraph 49, a party taking advantage of the IPEC needs to “trim its case to focus down on the essentials”. This means being realistic about what points ought and ought not to be taken to ensure there is sufficient court time to assist the court on all the main issues to be determined. It is as a result of how the case was run that this judgment is longer than would normally be desirable.

### **The CVA Proposal**

20. The terms of Metropolis’ CVA Proposal featured heavily in the Defendants’ case, and so I need say something about it briefly.
21. The CVA Proposal was signed by Mr and Mrs Fields as directors of Metropolis on 9 March 2011 and approved by creditors shortly thereafter. Relevantly (and this was agreed between the parties), the CVA Proposal makes no mention of the various licences that Metropolis had at that time with MFD and with third parties. No value is assigned to any intellectual property owned or licensed by Metropolis in the Estimated Statement of Affairs attached to the document. The CVA Proposal concludes with the following statement set out just ahead of the signatures of Mr and Mrs Fields:
  - “15.1 The information set out in this Proposal is true and correct to the best of our knowledge and belief.
  - 15.2 Our attention has been drawn to Section 6A of the [Insolvency] Act which states that we commit an offence if we make any false representations, or commit any other fraud for the purpose of obtaining the approval of creditors to the CVA.
  - 15.3 We acknowledge that although we have had professional assistance in drafting the Proposal, its contents are our sole responsibility.”
22. Paragraphs 4 and 5 of the Defendants’ Defence read as follows (emphasis added):
  - “4. [Metropolis] was bought out of administration by [Saffron] and as such any claim by [MFD] or M[r]s Fields now that they were the owner of copyrights residing in [Metropolis] will amount to a defrauding of the creditors of [Metropolis]. *[MFD] is required to prove that no such activity took place and that at the time of the administration that no creditors lost out due to the improper removal of assets from [Metropolis] by M[r]s Fields.*
  5. Specifically, *[MFD] is required to show that the CVA that was entered into by [Metropolis] in March 2012 properly accounted for the licence and/or other ownership of rights in any copyright now claimed to be owned by M[r]s Fields or [MFD] by virtue of the assignment.*”
23. MFD’s Reply expressly denies the relevance of these issues to the proceedings.
24. Counsel for the Defendants cross-examined Mr and Mrs Fields at length on the CVA Proposal, and took them to the provisions of section 6A of the Insolvency Act 1986 (“the Insolvency Act”), which reads as follows (emphasis added):

“6A.— False representations, etc.

(1) If, for the purpose of obtaining the approval of the members or creditors of a company to a proposal for a voluntary arrangement, a person who is an officer of the company—

  - (a) makes any false representation, or
  - (b) *fraudulently* does, or omits to do, anything,

he commits an offence.

(2) Subsection (1) applies even if the proposal is not approved.

(3) For purposes of this section “officer” includes a shadow director.

(4) A person guilty of an offence under this section is liable to imprisonment or a fine, or both.”

25. Counsel for the Defendants concluded his cross-examination of Mrs Fields and of Mr Fields in relevantly identical terms as follows (taken from the cross-examination of Mr Fields) (emphasis added):

“Mr Fields, I am going to suggest there are two possible scenarios and I am going to set those out, so please just bear with me and listen to them, and then I will ask you a final question.

The first possible scenario, Mr Fields, is the CVA does not mention you licensing the copyright to Metropolis, because there never was a licence in existence at the time the CVA was entered into. The true position, we would suggest, is that prior to that meeting with your accountant in 2012 nobody had ever thought about who the true owner of the copyright was and that is why there is no mention of any licence in the CVA. I will be suggesting to the judge that that is the correct position and I will therefore be suggesting to the judge that you and your wife are not telling the truth in your evidence in this case.

The second possible scenario is that your evidence now is correct, and there was a licence in place in March 2011. *If that is the true position, then you and your wife chose to omit the material fact from the CVA of the licences in order to obtain approval from the creditors. If you stick with that evidence that is now before the court, that may have very serious consequences for you in the light of the declaration that you and your wife signed in the CVA.*

My question, Mr Fields, is: are you not telling the truth now in your current evidence, or did you and your wife intentionally hide the true position in the CVA?”

26. In his closing skeleton, counsel for the Defendants submitted that the CVA Proposal is a “crucial” document in the case. He suggested that it supports the Defendants’ “case theory” (my words) that there was no licence, agreement or understanding between Mrs Fields and Metropolis in 2011. Rather, he said that this notion was arrived at in 2012, when the business was in difficulties, to try to “strip” (his words) Metropolis of its copyright assets.

27. He concluded this passage of his written closing with the words:

“If, and only if, there is a factual finding that there was a licence agreement in place, then this may have very serious consequences for the Fields in light of their signing of the perjury declaration in the CVA.”

28. In his closing address, the Defendants’ counsel agreed that that issue “is not within the scope of this case”. Further, he conceded that the Defendants make no allegation of perjury because, they conceded, any omission from the CVA Proposal would need to be fraudulent in order to constitute an offence, and Mr and Mrs Fields each gave clear evidence (which the Defendants accepted) that mention of the understanding was not omitted for that reason.

29. Rather, he said that the Defendants’ case boiled down to this:

“We say the omission from the CVA of that licence agreement, understanding, whatever it was, was omitted for the simple reason that it did not exist.”

30. I disagree. In my judgment, it is quite understandable that a CVA Proposal of this sort would not mention the various licences that Metropolis had entered into to obtain the rights to produce



various cards. The evidence was that there had been, over time, various licences, none of which was mentioned in the CVA other than the initial licence from the BBC in relation to “Walking with Dinosaurs”. There was no evidence that such things ought to have been mentioned, and Mr Armstrong, the joint administrator of Metropolis who was therefore well placed to comment on what would or would not normally be included, was not asked about it. The Defendants’ case on this point was no more than an assertion made in the Defence and again in counsel’s skeleton argument. It seemed to me that, far from being “crucial”, consistently with MFD’s pleaded Reply, this whole issue was irrelevant to the proceedings.

31. It should also be remembered that fraud is a serious allegation to make. It requires evidence. If an allegation is made it should be properly pleaded. It is not sufficient to allege in a defence that the claimant needs to prove that it has not been fraudulent.
32. I was not asked to make a finding under Section 6A of the Insolvency Act. However, as the issue was raised in the Defence, in cross-examination and in the Defendants’ written and oral closing arguments, I wish to record that there was no evidence at all before me that would suggest that Mr and Mrs Fields had not complied with their duties in relation to the CVA Proposal.

**Were the designs created in the course of Mrs Fields’ employment?**

33. This is issue 2 of the list of issues.
34. It is common ground that Mrs Fields was employed by Metropolis as Design Director. However, she said (as did Mr Fields, the other director of Metropolis) that the design work she did was done largely at home, and not in the course of her employment. The Defendants said, to the contrary, that Mrs Fields’ designing fell well within the course of her employment, and thus her then employer, Metropolis, owned the copyright in what she designed. If that was the case, Saffron purchased the copyright when it purchased the assets of Metropolis, and hence MFD is not in a position to enforce the copyright now.
35. No issue was raised in relation to cards designed by Mrs Fields after 23 December 2013: it appears to have been accepted by the Defendants that MFD owns copyright in those cards.

*The law*

36. Section 11 of the CPDA provides:
  - “11. First ownership of copyright
  - (1) The author of a work is the first owner of any copyright in it, subject to the following provisions.
  - (2) Where a literary, dramatic, musical or artistic work, or a film, is made by an employee in the course of his employment, his employer is the first owner of any copyright in the work subject to any agreement to the contrary.”
37. The question to be determined therefore is whether or not designing the greeting cards at issue fell within the scope of Mrs Fields’ employment with Metropolis. Both counsel submitted that there is no single or clear test to be applied in the present circumstances: various different tests are proposed in the case law, and, in the end, they said, it is a matter for me.
38. MFD’s counsel relied on the presumption under section 104(2) of the CPDA that where a name claiming to be that of the author appeared on copies of the work as published, the person whose name appeared is presumed to be the author of the work until the contrary is proved. The cards relied on by MFD state on the back “Designed by Mei Fields”: thus, MFD said, the onus is on the Defendants to prove that Mrs Fields was *not* the copyright owner.
39. Further, MFD’s counsel relied on extracts from *Copinger and Skone James on Copyright* (17th edition, Sweet & Maxwell) where the learned authors say at paragraph 5.19 (references omitted):

“Each case must, of course, depend on its own facts. The question to ask is, was the author employed to do the kind of work in question? Under the contract, could the employee have been ordered to do the work and would it have been a breach of contract for the employee then not to do it?”

40. The Defendants noted that much of the case law starts from the need to determine whether there was an employment relationship at all. That is not the case here: MFD admits that Mrs Fields was employed by Metropolis as Design Director. Further, the Defendants’ counsel noted that the case law relating to traditional “master/servant” relationships is less helpful in circumstances of small, family-run businesses such as this one, where, in effect, the master is also the servant: both Mr and Mrs Fields were directors (masters) and employees (servants) in the business. The Defendants therefore relied on the comments of Denning LJ (as he then was) in *Stephenson Jordan & Harrison Limited v MacDonald & Evans* [1952] RPC 10 at page 22f:

“It is often quite easy to recognise a contract of service when you see it, but very difficult to say wherein the difference lies. A ship’s master, a chauffeur, and a reporter on the staff of a newspaper are all employed under a contract of service; but a ship’s pilot, a taxi-man, and a newspaper contributor are employed under a contract for services. One feature which seems to me to run through the instances is that, under a contract of service, a man is employed as part of the business and his work is done as an integral part of the business: whereas under a contract for services his work, although done for the business, is not integrated into it but is only accessory to it.”

41. In response to this submission, MFD’s counsel pointed to paragraph 5.12 of *Copinger and Skone James on Copyright* where the learned authors discuss the “integral part of the business” test and write (references omitted):

“But these represent the extreme positions and a more useful test is whether the person who performed the work did so as a person in business on his own account. In answering this question, no strict rules can be laid down as to the relative weight which should be attached to the various considerations which apply. As already stated, the degree of control is important but no longer regarded as the determining factor. Other factors which may be important are whether the person provides his own equipment, hires his own helpers, what degree of financial risk he takes, what degree of responsibility for investment and management he has, and whether and how far he has an opportunity of profiting from sound management in the performance of his task. A genuine freedom to do the job either oneself or using a substitute negates the obligation to do the work personally and is inconsistent with employee status...Evaluation of the position is not a mechanical exercise of checking off the various factors but of evaluating the whole picture painted from the accumulation of detail.”

42. I accept, as put to me by both counsel, that there is no single test to be applied. Rather, it seems to me that the question of whether or not given acts were carried out in the course of employment for the purposes of Section 11 of the CPDA is a multifactorial assessment, to be based on all the circumstances of the case. In most situations where an employment relationship has been conceded, there will be some factors which point to the copyright work being created in the course of that employment and some factors which point otherwise. The relevant factors may include:

- (a) The terms of the contract of employment;
- (b) Where the work was created;
- (c) Whether the work was created during normal office hours;
- (d) Who provided the materials for the work to be created;

- (e) The level of direction provided to the author;
- (f) Whether the author can refuse to create the work/s; and
- (g) Whether the work is “integral” to the business.

No single factor is likely to be determinative and this list is not closed. It is a matter for the tribunal to assess the relevant factors, and determine, having balanced any competing factors, whether the work was created in the course of employment. In doing so, the tribunal should be mindful of the purpose of section 11 of the CPDA – that is, that copyright should vest in the entity for whom the work was created and who paid for it: *Ultraframe UK Limited v Fielding* [2003] RPC 435 per Laddie J at paragraph 43 (a design case, but also relevant here). The tribunal should also be mindful of what it is that copyright protects: “the expression of the intellectual creation of the author of the work” (*Infopaq International A/S v Danske Dagblades Forening* [2010] FSR 20 at paragraph 39).

### *Discussion*

43. I determine the relevant facts as follows, following the lettering for the various relevant factors I have set out above:
- (a) Mrs Fields stated clearly that her duties as Design Director did not include designing cards. Although questioned on this in cross-examination, her position did not change. It was also supported by Mr Fields’ evidence. Both believed that her card designing was outside the scope of her employment. Mrs Fields explained clearly what her role as Design Director did include: pricing, sales performance, quality assurance, promotional materials, website development, exhibitions and preparing products for presentation at annual sales meetings. It did not include designing cards. She withstood questioning in cross-examination that she was a “design director who didn’t design”. In that context, it does not help the Defendants that Mrs Fields was paid a salary, that she was grouped within payroll records for the “art department”, that she was employed by Metropolis full time, or that she said that she was “in charge of product development”. Nor does it assist to classify Metropolis as a design business as opposed to a licensing and marketing business. These facts are entirely consistent, in my judgment, with the position as Mrs Fields explained it. Nor does it assist the Defendants that Mrs Fields gave no evidence on how she “switched hats from being a Design Director one minute to not being one the next”. Independent contractors are not required to wear signs that say so: many are fully integrated into the businesses in which they work and will for many purposes be indistinguishable from employees.
  - (b) Mrs Fields did much of her design work at home. Her written evidence on this point was clear, and not shaken during cross-examination. Ms Dorange’s evidence supported this conclusion. Ms Barlow was the only other witness who was able to give first hand evidence of Mrs Fields’ design process, and she admitted under cross-examination that Mrs Field and Ms Dorange were better placed to comment than she was.
  - (c) There was no clear evidence on when the works were created.
  - (d) The Defendants alleged that Mrs Fields used the assets of Metropolis to create her designs. Here, they refer to the fact that she sought assistance from others for what was described at the digitisation of her designs. I deal with this further below in relation to joint authorship: for present purposes it is sufficient to record that I do not consider that this factor, even if I were to agree with the Defendants’ assessment of the facts, outweighs those that point in the other direction.
  - (e) Mrs Fields designed independently, and without direction from Metropolis.

- (f) Mrs Fields could stop designing at any time. There was no suggestion in the evidence that Metropolis could compel Mrs Fields to design cards, and, indeed, she gave evidence that she could cease designing at any time.
- (g) Whilst Mrs Fields' designs were important to Metropolis (she admitted "[Metropolis] had benefited hugely from my original design work"), they were not "integral" to it in the sense that I understand Lord Denning's judgment in *Stephenson Jordan*. Mr and Mrs Fields gave clear evidence of what would happen if Mrs Fields stopped designing for Metropolis – Metropolis would seek more designs elsewhere and/or design its own new designs. There was clear evidence that Metropolis had started out licensing designs from the BBC, and had continued to license designs from third parties other than Mrs Fields. There was also uncontested evidence that a junior designer at Metropolis, Lucy Davidson, had designed a range of cards, which Metropolis put into production.

44. The Defendants also drew my attention to the stamp placed on Mrs Fields' design sketches for swatches prior to their being sent to India to be made up. That stamp read "Metropolis Worldwide Limited". In each case (and the examples ranged throughout the life of Metropolis) Mrs Fields had signed within the boundaries of the stamp. In my judgment, this does not assist the Defendants. Under cross-examination, Mrs Fields was taken to an example of such a sketch and asked:

"Q: You signed off on this design as part of your role as the design director, is that correct?

A: Yes, because this is a production sketch.

Q: When you finished your sketch, this production sketch, and sent it off, you put that stamp on it and then you dated it and then you signed it; is that right?

A: Yes..."

That answer is consistent with the position advanced by MFD – Mrs Fields designed the swatches outside the course of her employment, but within the scope of her employment as Design Director she signed off on them and sent them to India on behalf of Metropolis.

- 45. In my judgment, these factors lead to a conclusion that the relevant cards were designed by Mrs Fields outside the scope of her employment. I am supported in that conclusion by the evidence that there were no contemporaneous documents inconsistent with that position, and any documents that do exist up until 2014 when relations between the parties soured are consistent with that position.
- 46. Taking into account all the relevant factors, and mindful of the various tests in the case law, in my judgment Mrs Fields designed the relevant cards outside the scope of her employment. She was therefore the first owner of copyright in the cards. The Defendants have not displaced the presumption in section 104(2) of the CPDA.

#### **Agreement to the contrary**

- 47. If I am wrong in that conclusion, MFD argued that, even if Mrs Fields designed the cards in the course of her employment, there was an agreement between Mrs Fields and Metropolis that she would own the copyright, within the meaning of Section 11(2) of the CPDA (set out above). Given my finding above, I need deal with this submission only briefly.
- 48. Again, MFD relied on the presumption in section 104(2) of the CPDA.

#### *Pleadings*

- 49. Before dealing with the substance of this submission, it is necessary first to deal with a pleading issue raised by the Defendants. In short, the Defendants' counsel submitted on the first day of the trial that this issue had never been properly pleaded and was not within the list of issues. It

was therefore, he said, not an issue I was entitled to take into account. Practice Direction 16 paragraph 7.3 makes clear what is expected in terms of pleading from a party wishing to rely on an oral contract. The hurdle, Mr Moss said, is higher in the IPEC. He also referred me to *Credit Suisse AG v Arabian Aircraft & Equipment Leasing Co EC and others* [2013] EWCA Civ 1169. That was an appeal from a successful summary judgment application on the basis of an aircraft lease. The claim relied on clauses 18.2 and 18.3 of the lease: there was no reference to clause 18.4 of the lease in the particulars of claim. The judgment of Moore-Bick LJ (with whom Lloyd and Mummery LLJ agreed) said this at paragraph 17:

“Particulars of claim are intended to define the claim being made. They are a formal document prepared for the purposes of legal proceedings and can be expected to identify with care and precision the case the claimant is putting forward. They must set out the essential allegations of fact on which the claimant relies and which he will seek to prove at trial, but they should also state the nature of the case that is to be made in order to inform the defendant and the court of the basis on which it is said that the facts give rise to a right to the remedy being claimed.”

Against that background, the failure specifically to plead paragraph 18.4 was considered fatal. The Court of Appeal held that the judge should not have allowed a claim under clause 18.4 in the absence of permission to amend the particulars of claim.

50. In response, MFD’s counsel submitted that ownership of copyright in the greeting cards had been central to the case from the start, and was clearly referenced in MFD’s Reply and Defence to Counterclaim, as well as in the list of issues. In paragraph 6.3 of the Reply, MFD relied on the following (emphasis added):

“Further it is plain from the reference to M[r]s Fields on the back cover of the Published Cards that the *understanding* between [Metropolis] and M[r]s Fields was that she was treated as a separate entity to [Metropolis] and was the sole author of the Copyright Works and the owner of the copyright therein.”

51. In my judgment, whilst the Reply could have more clearly referenced section 11(2) of the CPDA, the “agreement to the contrary” required by that section can be found within the “understanding” referred to in paragraph 6.3 of MFD’s Reply. I agree with MFD’s counsel’s submission that ownership of the copyright has been the primary issue in this case throughout, and that Mr and Mrs Fields’ understanding that Mrs Fields owned the copyright, not Metropolis, has been the subject of much of the evidence. MFD is therefore entitled to have this issue determined. It is not fatal to MFD’s case that it did not mention section 11(2) in its pleadings. In my judgment, this is a different situation to that which was before the Court of Appeal in *Credit Suisse*: there, summary judgment was based on a clause of the lease that had not been pleaded at all. Here, the “understanding” has been pleaded, and pleaded specifically, albeit that the relevant section of the CPDA has not been mentioned. That was remiss, but it is not fatal.
52. In my judgment, this issue also fits within issue 1 of the list of issues, which reads “Whether MFD is the sole owner of the copyright in the Works or whether they are owned jointly or individually by [Metropolis].” It is important not to attempt to construe lists of issues as if they were statutes or contracts – they are there for the purpose of narrowing disclosure and the evidence filed by the parties, and as a useful guide to the tribunal of the issues to be decided: *Technomed Limited and Anor v Bluecrest Health Screening Limited and Anor* [2017] EWHC 2142 (Ch) at paragraph 60. But on its terms, issue 1 clearly goes beyond the question of joint ownership, because it refers to copyright being owned by Metropolis individually. If Metropolis employees contributed to the design of the copyright works, Metropolis would be a joint owner. It would only be if Mrs Fields had designed the cards in the course of her employment and there was no agreement to the contrary that copyright in the designs could be owned individually by Metropolis. The agreement to the contrary therefore stands to be decided.

53. In an abundance of caution, during her closing speech, MFD’s counsel made an application for permission to amend the Reply to insert at the end of paragraph 6.3 the words “Therefore and in any event, there was an agreement to the contrary”. Counsel for the Defendants resisted the application, on the basis that it was “hopelessly late” and did not satisfy the “exceptional circumstances” test set out in CPR 63.23(2). As set out above, I do not consider that that amendment is necessary. It does little to add to what is already in MFD’s Reply. Given the lateness of the application, I therefore reject it in so far as it relates to paragraph 6 of the Reply.

*An inconsistency argument*

54. Returning to the substance of the issue, counsel for the Defendants argued that MFD’s reliance (in the alternative) on an agreement to the contrary as set out in Section 11(2) of the CPDA was inconsistent with its primary position that Mrs Fields’ designs were not created in the context of her employment. In closing, Mr Moss said:

“This is crucial. If you are to have an agreement to the contrary, it means axiomatically that it must have fallen within the scope of employment originally. You cannot have an agreement that it does not fall within the scope of your employment if it did not, in the first instance, fall within the scope of your employment.”

55. I disagree. This is a standard alternative argument. MFD’s primary argument is that Mrs Fields created the designs outside the course of her employment, and I have so found. However, had I found that she created the designs in the course of her employment, it is, in my judgment, open to MFD to argue that there was an agreement to the contrary – that is, an agreement that she owned the copyright in the designs she created. It is likely that the facts relevant to each determination overlap in full or in part, and, indeed, are similar to the facts relevant to the determination (below) in relation to the duties of a director. I can see no reason to force MFD to elect one course or the other: both are open to it, in the alternative.

*The law*

56. For the purposes of Section 11(2) of the CPDA, the parties were in agreement that there is no requirement for an agreement to the contrary to be in writing: it can be oral or implied: *Copinger and Skone James on Copyright* (17th edition, Sweet & Maxwell), paragraph 5-26.

57. Counsel for the Defendants referred me to *Robin Ray v Classic FM PLC* [1988] FSR 622 where Lightman J wrote:

“The agreement contemplated by section 11(2), if it is to obviate the application for the section, must satisfy two requirements: (1) it must be an agreement that, notwithstanding the existence of a contract of employment, the title to copyright in works created during the course of the contract shall not vest in the employer; and (2) the agreement must be a legally effective one.”

58. Lightman J found that neither condition was satisfied in that case. However, the argument put to the Court in that case was different to the situation before me. Before Lightman J, it was argued that the consultancy agreement which governed the relationship between Mr Ray and Classic FM was a contract for services and not of employment, and that therefore section 11(2) did not apply at all. Lightman J described this argument as “subtle and beguilingly attractive”, but he rejected it. He found that there was a contract of employment, and hence section 11(2) applied, but that there was no agreement to the contrary. That is not the case here. MFD’s position is that there was an understanding between Mrs Fields (as designer) and Metropolis that Mrs Fields owned the copyright in her greeting card designs. Such an understanding is clearly capable of being an agreement to the contrary within the meaning of section 11(2) of the CPDA.

*Discussion*

59. As I put to counsel during the trial, in my judgment, the factors relevant to the determination of this issue overlap with the factors relevant to the determination of whether or not Mrs Fields designed the cards in the course of her employment. I have found that she did not. However, if I am wrong in that, in my judgment, the same factors support MFD's position that there was an agreement to the contrary within the meaning of section 11(2) of the CPDA. Both Mr and Mrs Fields gave evidence that that was their understanding. They were unshaken on this point in cross-examination. Their actions throughout are entirely consistent with their position. There is no document that is inconsistent with that position, and there are a few documents which exist that are consistent with that position.
60. In conclusion, if I am wrong and Mrs Fields created the cards in the course of her employment, then in my judgment, there was an oral agreement to the contrary between her and Metropolis which provided that she would own the copyright in the card designs. The Defendants have not rebutted the presumption in section 104(2) of the CPDA.

**Did Mrs Fields hold copyright in the greeting cards on trust for Metropolis?**

61. This is issue 3 of the list of issues.
62. The Defendants rely on a third alternative argument. If Mrs Fields is found not to have created the designs in the course of her employment, or if they were designed in the course of her employment but there was an agreement to the contrary whereby she owned the copyright, the Defendants submitted that she is not entitled to beneficial ownership of the copyright because of her fiduciary duties as a director of Metropolis.
63. In response, counsel for MFD argued that card design fell outside Mrs Fields' duties as a director of Metropolis. She further submitted that, in any event, there was an agreement to the contrary relying on the same facts as are relevant to the section 11(2) agreement to the contrary set out above. Ms Chantrielle made a further point about the winding up of Metropolis, suggesting that as Metropolis no longer exists, there is no legal owner to whom the equitable ownership can be assigned. Again, MFD relied on the presumption in section 104(2) of the CPDA.

*The law*

64. Both counsel pointed me to *Vitof Limited v Altoft* [2006] EWHC 1678 (Ch), a decision of Mr Richard Arnold QC sitting as a Deputy High Court Judge (as he then was). At paragraph 144 of his decision, Mr Arnold quotes with approval from the 15th edition of *Copinger and Skone James on Copyright* (Sweet & Maxwell), and adds at paragraph 145 a further set of citations which support the position set out by the learned authors. I need not repeat those passages here. As Mr Moss submitted on behalf of the Defendants, it is clear from this that the scope of the fiduciary relationship is broad.
65. Counsel for MFD took me to a specific passage from the extract of *Copinger and Skone James on Copyright* cited by Mr Arnold:
- “There is, however, no rule that works created by a director for his company are always held on trust: it will depend on what, if anything has been agreed. In particular, it is always open to the shareholders of a company to agree that a director should retain property he has created or to relieve him of any liability for any breach of duty, provided that to do so is not ultra vires the company or a fraud on its creditors.”

*Discussion*

66. Counsel for MFD submitted that I should rely on the same facts as set out above in relation to the submissions in relation to course of employment and agreement to the contrary. It was open, she said, to Mr and Mrs Fields (as shareholders) to agree that Mrs Fields owned the

copyright in her designs, and no suggestion was made by the Defendants that this was either *ultra vires* or a fraud on the creditors.

67. I agree. For the same reasons as set out above, there was in my judgment a clear agreement between Mrs Fields (as designer) and Mr and Mrs Fields (as directors/shareholders) that Mrs Fields would own the copyright in the cards she designed. Although not set out in writing, Mr and Mrs Fields both gave clear evidence that this was their understanding. Once again, there are no contemporaneous documents inconsistent with this position, and those documents that do exist are consistent with this position. The Defendants have not rebutted the presumption in section 104(2) of the CPDA.
68. Given my findings, I do not need to determine Ms Chantrielle’s submission that as Metropolis no longer exists; there is no one for whom the copyright could be held on trust. I note briefly that I disagree. If Metropolis were the legal owner of copyright in the cards, that legal ownership would have passed to Saffron on the purchase by Saffron of the assets of Metropolis. Alternatively, on the winding up of Metropolis, the legal ownership would have passed to the Crown in *bona vacantia*. This argument therefore does not assist MFD.

### **Joint ownership**

69. This is issue 1 of the list of issues, but the Defendants’ fourth alternative legal argument. The Defendants say that Mrs Fields was not the sole designer of the greeting cards designed before 23 December 2013. Mrs Fields did not have the skills to digitise the designs from her original sketches – this work was therefore done by junior designers at Metropolis: Ms Davidson, Ms Dorange and Ms Laura Pett. The Defendants submitted that, in providing the assistance they did, the junior designers exercised their own skill, labour and judgment. The Defendants therefore say that Metropolis was the joint owner of the copyright (as employer of the junior designers). Saffron purchased the assets of Metropolis, and, as such is now the joint owner of copyright in the cards, and cannot therefore infringe it.
70. MFD submits in response that the junior designers assisted in the production of Mrs Fields’ greeting cards, but that they simply turned her designs into a digital form which could then be used for printing. Mrs Fields described this as no more than a mechanical process.
71. As noted above, the claim of joint authorship cannot apply to designs created by Mrs Fields after MFD entered into the Licence Agreement with Saffron on 23 December 2013.

### *The law*

72. Section 10(1) of the CPDA provides:
- “In this part a “work of joint authorship” means a work produced by the collaboration of two or more authors in which the contribution of each author is not distinct from that of the other author or authors”.
73. HHJ Hacon recently described the section in the following terms, in *Martin and Anor v Kogan and Ors* [2017] EWHC 2927 (IPEC) (at paragraph 14 and 15):
- “14. The words of the subsection provide two express requirements for joint authorship. First, the work must have been produced by the collaboration of two or more authors. Second, the contribution of each author must not be distinct from that of the other author or authors. That would be the case, for example, where the contributions in question are distinct literary works published in a single compilation. It was not in dispute in the present case that the second criterion was satisfied.
15. It was also common ground that s.10(1) contains an implied third requirement. Where a person has contributed to the creation of a work in collaboration with another, he or she must have made a sufficient contribution to qualify as a joint author. This has been explained and rationalised on the basis that a joint author is



*ipso facto* an author within the meaning of s.9(1) of the Act and therefore must have contributed a significant part of the skill and labour protected by the copyright (see *Fylde Microsystems Ltd v Key Radio Systems Ltd* [1998] FSR 449, at 455).”

74. Later on in that judgment, HHJ Hacon, having reviewed the authorities, summarised the law on joint ownership:

“54. I here summarise my understanding of the law on joint authorship of copyright to be applied to the facts of this case:

(1) A party will be joint owner of the copyright in a work only if he or she (or in the case of a company, its employees) collaborated in the creation of the work. The collaboration must be by way of a common design, i.e. co-operative acts by the authors, at the time the copyright work in issue was created, which led to its creation.

(2) The contribution of each author must not be distinct from that of the other author or authors.

(3) Contributions by a putative joint author (including those done by way of collaboration) which formed no part of the creation of the work are to be disregarded in the assessment of joint authorship.

(4) No distinction is to be drawn between types of contribution that did form part of the creation of the work. In particular, there is no distinction which depends on the kind of skill involved in making the contribution.

(5) The contribution, assuming it is relevant to the assessment of joint authorship, must be sufficient. This depends on whether the contribution constitutes a substantial part of the whole of the work in issue.

(6) That will be the case if the contribution would be protected by copyright in the work. Thus, if the contribution alone were copied by an unlicensed third party and such copying would result in an infringement of the copyright, the contribution constitutes a substantial part of the whole.

(7) The test of substantiality in the context of joint authorship of copyright, as in the context of infringement, involves a qualitative as well as quantitative assessment.

(8) Suggestions from a putative joint author as to how the main author should exercise his or her skill – for instance by way of criticism or editing of a literary work – will not lead to joint authorship where the main author has the final decision as to the form and content of the work.

(9) It is thus relevant, but not decisive, whether an author is the ultimate arbiter as to the content of the work.

(10) If joint authorship is established, the court may apportion ownership of the copyright.”

75. Section 104(1) to (3) of the CPDA provides a presumption that where an author’s name appears on copies of the work as published, there is a rebuttable presumption that that person is the sole author of the work. The burden of proof therefore rests on Saffron to establish that there is a joint author or joint authors amongst Metropolis’ employees.

*The facts*

76. Some findings as to how the greeting cards were designed and developed are set out above. Additionally I find as follows:

- (a) Mrs Fields sketched the designs at home, without assistance. For swatch cards, she designed the swatches and also the cards onto which the swatches would be stuck.
- (b) Mrs Fields was unable to digitise her work for sending to India. She therefore worked with employees of Metropolis to digitise the work. In my judgment, this was no more than operating a scanner: the employees assisting Mrs Fields scanned the images and cleaned them up – they did not use sufficient skill, labour or judgment when doing so to qualify as joint authors. Ms Dorange gave clear and unchallenged evidence as follows:

“Q: You mentioned there that you cleaned up?

A: Yes.

Q: Can you please elaborate what you mean by that?

A: From the scans, you sometimes get some specs of dust from the scanner, so I would just remove the dust to make it cleaner.”

There was also evidence in relation to scanning multiple layers of a flower design for print-ready PDFs. Ms Dorange’s evidence was that she simply did what Mrs Fields told her to do. In my judgment, and meaning no disrespect to Metropolis’ junior designers, in this context, they were the equivalent of scribes. They were following Mrs Fields’ instructions. They demonstrated skills in using the scanner, and the computer programs in which they worked (Photoshop and InDesign). But they were not joint authors of the designs in the cards. It therefore does not matter that Mrs Fields is only now (in 2018) learning how to use Photoshop and InDesign.

- (c) There were further steps in the process for both printed cards and swatch cards: sketches of swatches were sent to India to be made up, and, once the swatches were stitched and shipped to the United Kingdom, workers assembled the cards in a portable office at the rear of Metropolis’ premises. The Defendants’ counsel specifically (and quite rightly) rejected the notion that joint copyright was owned by the Indian entity, or by those assisting in the assembly of the cards. Similarly, no joint authorship rests with the printer who printed the cards.

- 77. I do not accept the Defendants’ position of “why hire designers if they are not doing any designing?” That rather begs the question that it is trying to answer – or put another way, it suggests that the only work a designer can do by definition is to design. It was clear from the evidence that the junior designers employed by Metropolis did do design work – on catalogues, the website, and, indeed, other card ranges. It is therefore clear to me that the junior designers were at times designing for Metropolis. But this does not mean that the work they did on Mrs Fields’ greeting cards was design work. The only one of them to give evidence was very clear that she merely did as she was told, like a scribe or amanuensis. There was no collaboration, no sufficiently substantial contribution, no personality of the author.
- 78. As noted above, Mrs Fields is named on the back of the cards as the sole author of them. She (and MFD) is therefore entitled to the presumption that she is the sole author. In my judgment, Saffron has not come close to rebutting that presumption. Metropolis was not a joint owner of the copyright works alleged to be infringed.

**Was the 10 April 2012 Document a valid assignment?**

- 79. This is issue 4 of the list of issues.
- 80. As set out above, on 10 April 2012, having just incorporated MFD, Mrs Fields purported to assign to MFD all the copyright she owned. She (on her own behalf) and Mr Fields (on behalf of MFD) executed a hand-written document that read as follows:

“I, Mei Fields, as owner of the copyright of my designs, allow my works to be used by MEI FIELDS DESIGNS LTD, and transfer ownership of copyright.

My designs may be licensed with my permission.

These include all works dating from 1st January 2000 and future works until further notice or termination.”

81. MFD relied on this document as being an effective assignment at law, or, in the alternative and without prejudice to its primary submission, as an effective exclusive licence. The Defendants averred that the document is not an assignment, and is no more than a bare non-exclusive licence which is terminable at the will of Mrs Fields. Further, the Defendants averred that there was no consideration for any assignment, such that it cannot be a contract.
82. Counsel for MFD submitted, however, that I did not need to determine the effect of this document, because a confirmatory assignment was later entered into on 14 September 2017. The validity and effectiveness of the confirmatory assignment is not in question. However, the Defendants’ counsel suggested that it may have an impact on any damages award, and asked me to determine it. Whilst I appreciate that there may be cases where this makes a difference, it seems to me very unlikely indeed that it will make a difference in this case. Therefore my brief determination follows.

*The law*

83. The law on construction of contracts has recently been the subject of several judgments helpfully summarised by Popplewell J in *Lukoil Asia Pacific Pte Limited v Ocean Tankers (Pte) Limited* [2018] EWHC 163 (Comm) as follows (at paragraph 8) (emphasis added):

“There is an abundance of recent high authority on the principles applicable to the construction of commercial documents, including *Investors Compensation Scheme Ltd v West Bromwich Building Society* [1998] 1 WLR 896 ; *Chartbrook Ltd v Persimmon Homes Ltd* [2009] 1 AC 1101 ; *Re Sigma Finance Corp* [2010] 1 All ER 571 ; *Rainy Sky SA v Kookmin Bank* [2011] 1 WLR 2900 ; *Arnold v Britton* [2015] AC 1619 ; and *Wood v Capita Insurance Services Ltd* [2017] AC 1173 . The court's task is to ascertain the objective meaning of the language which the parties have chosen in which to express their agreement. The court must consider the language used and ascertain what a reasonable person, that is a person who has all the background knowledge which would reasonably have been available to the parties in the situation in which they were at the time of the contract, would have understood the parties to have meant. The court must consider the contract as a whole and, depending on the nature, formality and quality of drafting of the contract, give more or less weight to elements of the wider context in reaching its view as to the objective meaning of the language used. *If there are two possible constructions, the court is entitled to prefer the construction which is consistent with business common sense and to reject the other.* Interpretation is a unitary exercise; in striking a balance between the indications given by the language and the implications of the competing constructions, the court must consider the quality of drafting of the clause and it must also be alive to the possibility that one side may have agreed to something which with hindsight did not serve his interest; similarly, the court must not lose sight of the possibility that a provision may be a negotiated compromise or that the negotiators were not able to agree more precise terms. This unitary exercise involves an iterative process by which each suggested interpretation is checked against the provisions of the contract and its commercial consequences are investigated. It does not matter whether the more detailed analysis commences with the factual background and the implications of rival constructions or a close examination of the relevant language in the contract, so long as the court balances the indications given by each.”

84. I have applied Popplewell J’s helpful summary to the facts before me.

*Discussion*

85. The 10 April 2012 Document set out in full above is clearly unsatisfactory in legal terms: it is internally inconsistent. If an assignment, it should not also mention licensing or termination. If a licence, then the word “assignment” is misplaced. It is certainly not clear on its terms what it means. I must therefore look at the commercial context and ask myself which interpretation is consistent with business common sense. In doing so, I have come to the conclusion that the document is an assignment, because that is the interpretation more consistent with the commercial consequences. MFD went on to licence Ms Fields’ card designs to third parties. These licences are not expressed to be sub-licences. Whilst some of the words of the document are inconsistent with that interpretation, interpreting it as an assignment does less violence to the main claim “I ... transfer ownership of copyright” than interpreting the document as a licence.
86. In my judgment, the 10 April 2012 Document was effective to assign any copyright owned by Mrs Fields to MFD.

**The Asset Sale Agreement**

87. If I am wrong in my findings above, and Metropolis was the owner or joint owner of copyright in the cards designed by Mrs Fields prior to 23 December 2013, then a question arises as to whether that copyright was purchased by Saffron by virtue of the agreement entered into on 9 January 2014 between Metropolis, its administrators and Saffron (the “Asset Sale Agreement”).
88. Counsel for MFD suggested that a proper construction of the Asset Sale Agreement was that only those intellectual property assets set out in Schedule 5 were included: Schedule 5 listed only the Domain Names, the Business Name and the Logos (all terms as defined). If Ms Chantrielle were right, then the Asset Sale Agreement would not have transferred any copyright owned by Metropolis.
89. In my judgment, Ms Chantrielle is not right on this point. Clause 2.1 of the Asset Sale Agreement sets out the assets being sold and purchased. These include, at Clause 2.1.5, “the Intellectual Property Rights”. This term is defined in very broad terms as follows:
- “Intellectual Property Rights means copyright and related rights, trademarks, trade names and domain names, rights to goodwill or to sue for passing off, rights in designs, rights in computer software, database rights, rights in confidential information (including know-how) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.”
90. This defined expression is not limited to those intellectual property assets set out in Schedule 5. Therefore, in my judgment, if, contrary to what I have found, copyright in the cards designed by Mrs Fields prior to 23 December 2013 was owned individually or jointly by Metropolis at the time of its administration, then that copyright was purchased by Saffron, and Saffron would not infringe copyright in any cards which had been designed prior to that date.

**The Licence Agreement**

91. An argument was advanced by MFD’s counsel that even if the copyright in Mrs Fields’ designs was acquired by Saffron under the terms of the Asset Sale Agreement, it was transferred to MFD by virtue of clause 2.1 of the Licence Agreement between MFD and Saffron on 23 December 2013. Clause 2.1 provides:
- “2.1 [Saffron] acknowledges that all rights and title to all works created by Mei Fields and / or [MFD] for the purposes of being reproduced on products belong to and shall remain vested in Mei Fields or [MFD] and in consideration for the sum of £1.00 (the receipt and sufficiency of which [Saffron] expressly acknowledges) [Saffron] hereby:

- (a) assigns absolutely all its right, title and interest in and to all Assigned Rights to [MFD]; and
  - (b) save as expressly set out in this agreement, waives in their entirety all and any rights, remedies and claims that [Saffron] may have to the Assigned Rights.”
92. Counsel for the Defendants submitted that this issue had not been pleaded, and therefore could not be run. I agree. There is no mention of this argument in the Reply. As set out above, MFD applied on the second day of the trial to amend its Reply. The amendment relevant to this issue was to add the following words:

“If and to the extent that it had, any such copyright would have been transferred back to the Claimant under section 2.1 of the Agreement”.

93. In my judgment, the second day of the trial was simply too late to attempt to run this new argument. MFD has not satisfied the “exceptional circumstances” hurdle set out in CPR 63.23(2). That is a “substantial hurdle” *Redd Solicitors LLP v Red Legal Limited and Anor* [2012] EWPCC 50 at paragraph 16 per HHJ Birss QC (as he then was). Indeed, no real explanation was provided for why this argument had not previously been pleaded.

### **Is the copyright infringed?**

94. This is issue 5 of the list of issues. It occupied very little of the evidence and very little time at the trial.
95. MFD relies on two sets of cards that infringe. First, and more simply, are the Group A cards. These are copies of cards designed by Mrs Fields that Saffron continued to sell after the termination on 17 March 2016 of the Licence Agreement between MFD and Saffron. As I have found above that MFD owns copyright in these cards, then it follows that any cards sold following the termination of the Licence Agreement infringed MFD’s copyright, and I so find. If I am wrong in that, then it is beyond contention that MFD owned copyright in cards designed by Mrs Fields after the winding up of Metropolis. Copyright in these cards could never have been owned by Metropolis. They were licensed by MFD to Saffron under the Licence Agreement: after that agreement was terminated, Saffron had no permission to reproduce them.
96. The second set of cards relied on are the Group B cards set out in Annex 4 to the Particulars of Claim and which are reproduced in this judgment. These are cards in Saffron’s Couture and Adorn ranges that MFD argues are copies of cards designed by Mrs Fields. These are not exact replicas, and so I need to assess whether MFD’s copyright has been infringed.
97. Whilst there were suggestions during the course of the trial that MFD relied on artistic works beyond those set out in Annex 4 to the Particulars of Claim, in her closing speech Ms Chantrielle was very clear that only those greeting cards set out in Annex 4 are relied on. This is consistent with the pleadings. No reliance was therefore placed on the sketches and/or swatches as separate artistic works.
98. The Defendants admitted access to the cards designed by Mrs Fields – Mrs Fields’ design files were available on the computer acquired by Saffron from Metropolis and Saffron had inventory of the actual cards in its stockroom. Indeed, Mrs Marsh gave evidence that part of her design process for the Adorn and Couture ranges was that she “looked at past catalogues” of Mrs Fields’ cards.
99. The parties put their cases on copyright infringement slightly differently. MFD submitted that the “essential consideration” was “have the Defendants taken that which conferred originality on [MFD’s] copyright work (or a substantial part of it)?” In contrast, the Defendants argued that there was no copying – mere inspiration is not enough – and that taking the idea of a swatch-based greeting card was not enough – it must be the expression of the intellectual creation of the author that was taken.

*The law*

100. I was taken to *Infopaq International A/S v Danske Dagblades Forening* [2010] FSR 20 as well as more recent cases in the IPEC and its predecessor, the Patents County Court (*Mitchell v BBC* [2011] EWPCC 42 and *Taylor v Maquire* [2013] EWHC 3804 (IPEC)), as well as to the decision of Lewison LJ (with whom Tomlinson LJ and Vos LJ (as he then was) agreed) in *SAS Institute Inc v World Programming* [2014] RPC 8. It is unnecessary to set out lengthy passages from these cases, as the parties were agreed on the law I should apply: if I find copying, has the copying taken a substantial part of the skill, labour and judgment found in the earlier work? Neither party suggested that there was a difference between that test and the “intellectual creation” test set out in *Infopaq*.

*Discussion*

101. Because of the way in which both sides put their cases, I will deal with copying first. In relation to copying, it is clear to me that copying (in its legal sense) has occurred. In evidence were two sketches, one by Mrs Fields and one by Ms Manley. Both show a design for a swatch shaped like a wedding cake, with a series of instructions on how it is to be made. Mrs Fields’ sketch was labelled Met 2536. Ms Manley’s sketch was labelled Met 5017. Although Ms Manley’s original sketch was undated, hand-written annotations indicate that it was amended on 29 August 2014 and again on 15 September 2014. Mrs Marsh confirmed this in the witness box.

102. What is striking is that Ms Manley’s sketch refers to the earlier sketch by Mrs Fields: it includes a reference to “Used previously on Met 2536”. Counsel for MFD asked Mrs Marsh about a number of other similarities between the swatches and instructions shown in the sketches:

- (a) Both swatches are to be made of organza – the marking in each case points to the bottom layer of the cake;
- (b) Both include a reference to a silver zari stitch;
- (c) In each case, the cake stand is to be made of silver bugle beads;
- (d) A row of white seed beads is present in each cake;
- (e) There are rainbow hearts in both designs;
- (f) There are silver flowers in both designs; and
- (g) Each cake has three tiers.

103. Having first denied that “there were quite a lot of similarities between these two designs”, Mrs Marsh later admitted in cross-examination that these “embellishments” as she called them had been “carried over” from Mrs Fields’ design. Mrs Marsh tried to explain this by suggesting that the entity Saffron used to make the swatches in India would only use the beads etc that they were used to: this contradicted her earlier evidence that she could have designated whatever beads etc she wanted to on the sketch. I prefer her earlier explanation – which she later repeated. In designing Met 5017, I accept that Mrs Marsh and Ms Manley could have written down whatever beads they wished (for example, Mrs Marsh accepted that she could have designated gold rather than silver beads). I therefore find that the stark similarity in beads etc is a result of copying Mrs Fields’ Met 2536 design. This is reinforced by the annotation on Met 5017 that the “silver flower sequin” was “Used previously on Met 2536”. It follows that I reject Mrs Marsh’s evidence to the extent that she said that she did not copy Mrs Fields’ designs. She and Ms Manley may well have been attempting to “design-around” Mrs Fields’ earlier design. But the similarities are, in my judgment, too great to have been accidental.

104. I am also conscious that no case of independent creation was evidenced by the Defendants. Whilst in her witness statement Mrs Marsh set out in general terms her design process, no specific evidence was put forward in relation to the 12 Group B card designs that are alleged to

be copies. There were in evidence no design documents for these designs. Instead, Mrs Marsh submitted two sketches – Met 5017 referred to above, and Met 5039 which relates to a design for a swatch of a stork holding a bundle in its beak. Neither is alleged to infringe. No design documents were submitted for any of the Group B Adorn and Couture cards included in Annex 4.

105. Mrs Marsh was still employed at Saffron at the time she signed her witness statement. She had access to Saffron’s record. She chose to adduce two sketches unrelated to cards in issue. When questioned on the absence of sketches for cards in issue (particularly the cards with “double hearts”), Mrs Marsh first said that these would have been thrown out, but later answered:

“No, I think we do have them – would have had them. We have got a folder. For every swatch that we create, we have a folder. We have got probably six folders like this, full of my drawing or [Ms Manley’s] drawing and the explanation of how we got there. We have this in about four or five folders, I would have said, of this.”

106. It is clear from documents such as the sketches referred to above and from Mrs Marsh’s testimony that she and Ms Manley accessed, and relied on, materials prepared by Mrs Fields. Ms Manley did not give evidence. Mrs Marsh was cross-examined, but she did not provide an adequate or consistent explanation for the lack of any design documents relating to Adorn and Couture greeting cards at issue in these proceedings. In my judgment, there is sufficient evidence to find that copying took place – as Mrs Marsh accepted, elements of Mrs Fields’ designs were “carried over” into Saffron’s designs. This finding is reinforced by the Group B cards themselves. They are simply too close to be the product of independent creation. Whilst independent creation was claimed, no documentary evidence of it was adduced.

107. I find that in creating the Group B cards, Saffron copied cards designed by Mrs Fields.

108. The next issue to be decided is whether what was copied was sufficient to constitute copyright infringement.

109. I have set out above my findings in relation to Mrs Fields design process. Additionally I accept Mrs Fields’ evidence of her creative process as follows:

- (a) She created each card by hand in an organic way;
- (b) She was responsible for the swatches, including the selection and placement of beads, stitching and other embellishments;
- (c) At the time no-one else on the market used beadwork in the same way; and
- (d) In relation to the textual elements, whilst she used a commercially available font called “Edwardian”, she enlarged the first letter in the font to create a particular effect she desired.

110. I turn now to a comparison of each card. For ease, these are set out in an annex to this judgment. I have used the catalogue numbers employed by the parties. I had available to me actual samples of many of the cards. In many cases, the similarities between cards were more obvious from the actual versions than they were from the pictures – the pictures do not allow a clear, or in some cases adequate, comparison to be undertaken:

- (a) COU002 is alleged to infringe P439 and/or P535 (cake). Saffron’s design takes more than the idea of a swatch of a wedding cake. Whilst the pictures do not appear to be very similar, the cakes on the actual cards are more similar. The embellishments used are similar. The text WEDDING DAY is identically presented as between COU002 and P439, and very similarly presented as between COU002 and P535. Counsel for MFD submitted that copying the text was enough – as the changes Mrs Fields made to the standard Edwardian font are an expression of her skill, creativity and judgment. However, it is the whole card that is alleged to infringe the whole card – no separate claim was made for the copyright in the presentation of the words WEDDING DAY.

Given the similarity of the cakes and the way they are presented, particularly as they appear on the actual cards, in my judgment, COU002 copies Mrs Fields' skill, creativity and judgment in designing card P535. COU002 infringes.

- (b) COU007 is alleged to infringe P479 and/or P493. This Saffron card takes little more than the "idea" of a beaded swatch of a heart. The hearts are different. The similarity of "To my Gorgeous Wife" to "To my Fabulous Wife" is insufficient, even when they are presented in similar fonts. In my judgment, COU007 does not infringe.
- (c) COU009 is alleged to infringe STR021 and/or P515. Here, the Saffron card includes two overlapping hearts, where one is smaller and has darker beads. The smaller hearts are quite similar – but the larger hearts are different, in that STR021 uses sequins whereas COU009 uses beads. The similarity between "On our Special Anniversary" to "on your Silver Wedding" is insufficient, even when they are presented in similar fonts. In my judgment, COU009 does not infringe.
- (d) COU004 is alleged to infringe P537. Whilst the images here do not appear to be particularly close, the actual cards are very close indeed. The "stuck on" text, in identical font, appears to be identical. The silver hearts on the actual cards look similar – what appears to be an "outline" of beads on COU004 is significantly less apparent on the actual card. In my judgment, COU004 has taken the expression of Mrs Fields' skill, judgment and creativity. COU004 infringes.
- (e) ADN002 is alleged to infringe P479. Here, the primary similarity is the idea of a silver heart. The hearts themselves are different. The text on the card is different: Mrs Fields' card reads "Our first anniversary" whereas the Saffron card reads "HAPPY ANNIVERSARY". In my judgment, ADN002 does not infringe.
- (f) COU010 is alleged to infringe P535 (heart), P534, P492 and/or STR002. COU010 includes overlapping double hearts in silver. Of the four of Mrs Fields' designs that this card is alleged to infringe, only STR002 has double hearts, and they are red, differently beaded, and set with the sizes reversed. The words on STR002 are completely different. In my judgment, COU010 does not infringe.
- (g) COU011 is alleged to infringe P535 (heart), P534, P492 and/or STR002. COU011 includes a single heart, but the beading is different than on P534, P535 (heart) or P492. The words are also different – none of Mrs Fields' cards that are relied on includes a birthday wishing to a wife. In my judgment, COU011 does not infringe.
- (h) ADN007 is alleged to infringe P535 (heart), P534, P492 and/or STR002. ADN007 is for two overlapping hearts, one silver and one gold. This combination does not appear in any of Mrs Fields' cards relied on. The wording is also different – "GOLDEN ANNIVERSARY" does not appear in the cards relied on. In my judgment, ADN007 does not infringe.
- (i) ADN004 is alleged to infringe P535 (heart), P534, P492 and/or STR002. ADN004 includes overlapping hearts with red beads, like STR022. But the hearts are the other way around, and slightly differently shaped. The words on the card are very different: "Congratulations on your RUBY ANNIVERSARY" as against "FOR THE ONE I LOVE WITH LOVE". The cards are insufficiently similar. In my judgment, ADN004 does not infringe.
- (j) ADN002 is alleged to infringe VPRL001 (one), VPRL001 (husband), VPRL (wife) and/or STR022. Saffron's card includes a single heart, in red, with beads, sequins and flowers. These are more obvious on the actual card. None of Mrs Fields' cards relied on includes such a heart – the single hearts in VPRL001 (one) and VPRL001 (husband) only contain a jumble of beads. The text is completely different, and differently arranged. In my judgment, ADN002 does not infringe.



- (k) ADN001 is alleged to infringe VPRL001 (one), VPRL001 (husband), VPRL (wife) and/or STR022. Saffron's card includes overlapping red hearts, the larger covered in sequins, and the smaller in beads. Unusually, the smaller heart has a rim of silver beads which is very obvious from the actual card. This does not appear in any of Mrs Fields' cards that are relied on. The text is different in content and presentation. In my judgment, ADN001 does not infringe.
- (l) ADN003 is alleged to infringe VPRL001 (one), VPRL001 (husband), VPRL (wife) and/or STR022. ADN003 includes double red hearts, the smaller one with beads and the larger one with sequins. On the actual cards, the sequins look very different to the beads on Mrs Fields' cards. The text is different and differently presented. In my judgment, ADN003 does not infringe.
- (m) ADN004 is also alleged to infringe VPRL001 (one), VPRL001 (husband), VPRL (wife) and/or STR022. For the same reasons as for ADN003, in my judgment ADN004 does not infringe.

### **Is Mr Steele jointly liable for any copyright infringement?**

- 111. This is issue 8 of the list of issues.
- 112. The IPEC is a lower cost jurisdiction for the adjudication of intellectual property disputes involving small and medium sized enterprises ("SMEs"). Given the very small nature of some of the entities involved, it is unsurprising that it has become common for sole directors to be joined to proceedings as joint tortfeasors. This case makes it obvious as to why that step is taken. Some six or so months after service of the Claim Form in these proceedings, Mr Steele sold most of the assets of Saffron to a third party. Mr Steele confirmed in the witness box that if judgment is entered against Saffron, Saffron will not have funds to satisfy that judgment.

#### *The law*

- 113. Given the frequency with which such claims are made, there is a developing body of case law in the IPEC relating to joint tortfeasorship. I was taken to *Grenade (UK) Limited v Grenade Energy Limited and Another* [2016] EWHC 877 (IPEC), a decision of HHJ Hacon. HHJ Hacon said this (at paragraphs 22 to 24):

"22. I should add that the most up to date summary of the law in relation to joint tortfeasance is to be found in the judgment of the Supreme Court in *Sea Shepherd UK v Fish & Fish Ltd* [2015] UKSC 10; [2015] AC 1229. I attempted a very short summary of the key criteria for joint tortfeasance identified by Lord Sumption in *Sea Shepherd* in my judgment in *Vertical Leisure Ltd v Poleplus Ltd* [2015] EWHC 841 (IPEC), where I said this at paragraph 66:

"I interpret this to mean that in order to fix an alleged joint tortfeasor with liability, it must be shown both that he actively co-operated to bring about the act of the primary tortfeasor and also that he intended that his co-operation would help to bring about that act (the act found to be tortious)."

23. Mr Chawla is both the sole director and sole shareholder of the first defendant. As Mr Sampson put it, he is a one-man company. In my view, this raises an evidential presumption that all acts done by the first defendant were done at the instigation of Mr Chawla alone. In effect, he was under an evidential burden to show why, contrary to what one might expect, the acts complained of were not initiated and controlled by him.

24. In fact, in Mr Chawla's pleadings and in his evidence, he has not identified anybody else who was, on his account, responsible for the acts complained of. Therefore, to my mind, there can be no real doubt that Mr Chawla was indeed the sole instigator and controller of those acts. I therefore take the view that he

procured the acts complained of or, to put it another way, he actively cooperated with his company to bring about the infringements of community trademarks and passing off, that he intended his cooperation would bring about those acts and that there is no real prospect of Mr Chawla establishing to the contrary at trial.”

114. HHJ Hacon returned to similar ground in *The Zockoll Group Limited v Mr Handy Limited and Ors* [2018] EWHC 324 (IPEC) at paragraph 19:

“19. As I said, in *Grenade*, where an allegation of joint tortfeasance is raised against an individual who is the sole shareholder and director of the company, in effect there is evidential burden on the person to explain why the court should not assume that he or she personally carried out the acts of the company which are complained of in the proceedings. In this instance, I had the opportunity to ask Mr Grainger whether any other person took any significant role in the running of the first to third defendants. He said very fairly that while he took advice, including professional advice, from others about the running of the companies, the buck stopped with him, and that he took all significant decisions. That being so, it seems to me that Mr Grainger is liable as a joint tortfeasor.”

115. I was informed by counsel that neither decision of HHJ Hacon has been appealed. I therefore respectfully adopt HHJ Hacon’s recitation of the law, mindful, of course, that I remain bound by the more detailed reasoning of the Supreme Court set out in *Sea Shepherd*.

#### *Discussion*

116. It was common ground between the parties that Mr Steele was the sole director and sole shareholder of Saffron. Under cross-examination, he accepted:

- (a) That he could not be fired from his role at Saffron;
- (b) That he was the witness put forward to give evidence on behalf of Saffron;
- (c) That he spoke on behalf of Saffron;
- (d) That he was part of the design team at Saffron;
- (e) That all designs for greeting cards were run by him before they were put into production; and
- (f) Employees of Saffron would run all major decisions by him.

117. There were also a number of contemporaneous documents authored by Mr Steele where he referred to Saffron as if he and it were the same thing, that is, in the first person singular. Examples include “I purchased the assets of ... Metropolis” and “I entered into a Licence Agreement with [MFD]”.

118. Mr Steele denied that he was “100% responsible for everything”. Rather, he pointed to others in the business who took design decisions, albeit in consultation with him and with his having the final say. He also gave evidence of health and family issues that took him away from the business from September 2014 for more than six months.

119. In my judgment, as a sole director and sole shareholder with self-professed responsibility for the business, the shift in evidential burden set out in *Grenade* is engaged here. The facts of this case differ from those in *Grenade* and in *Zockall*. In *Grenade*, Mr Chawla, the second defendant, was said to be a “one-man company”. It does not appear from that judgment that the corporate defendant had any employees. The position is less clear from the report of the decision in *Zockall*, but what is clear from *Zockall* is that “the buck stopped with [the fourth defendant], and that he took all significant decisions”. In my judgment, that finding is at one with the present facts, and Mr Steele’s own evidence.

120. I turn first to the Group B cards. Whilst Mr Steele had a number of employees, on his own evidence, he was involved in the design process and was consulted on designs as they were

being developed. He admitted under cross-examination that employees ran all major decisions by him, and that all designs for greeting cards were run by him before being put into production. Specifically, Mrs Marsh gave written evidence in relation to the Adorn and Couture ranges that Mr Steele sat with Mrs Marsh and Ms Barlow as the first step in planning those ranges and that she “put the collection together and presented it to Viv Barlow and Paul Steele for their feedback and any last minute changes.” There was no positive case put forward that Mr Steele was not involved in the design of the Group B cards: to the contrary, his involvement was averred.

121. In terms of timing, Mr Steele’s evidence was that having purchased the business in January 2014, he “threw [himself] into the business over the next six – nine months sorting it out”. This would take things to September 2014. It was in September 2014 that his family’s health issues began. The uncontested evidence from both sides was that greeting card ranges take at least six months to prepare from initial planning to product launch. The Adorn and Couture ranges were launched in October 2014. Therefore, it is clear on Mr Steele’s own evidence that he had “thrown [himself] into the business” at the time that the Adorn and Couture ranges were being designed and developed that is, in the six months prior to October 2014. Ms Manley’s sketch for Met 5017 is undated, but the first set of revisions is dated 29 August 2014. Mr Steele’s time away from the office to assist with his family issues had not yet begun – he was, on his own evidence, still deeply involved in the business at this time.

122. Rather than displacing the presumption, these facts reinforce in relation to the Adorn and Couture ranges that Mr Steele was very heavily involved in them. I therefore conclude that Mr Steele was involved in the development of the Adorn and Couture greeting cards on which MFD relies, and the Mr Steele approved them for production. Later, after lawyers’ letters had been exchanged, on 5 August 2016 he wrote to Saffron staff:

“However, it is important that we do not give up sales easily and where Couture and Adorn are concerned in particular we should try and persuade our customers that they [sic] is no reason why they should not carry on selling them.”

123. In my judgment, he is liable as a joint tortfeasor. He actively co-operated to bring about the acts of Saffron, the primary tortfeasor, and he intended that his co-operation would help bring about those acts.

124. The position is similar in relation to the Group A card designs that Saffron continued to sell after the Licence Agreement was terminated on 21 March 2016. The shift of onus set out in *Grenade* is engaged. Mr Steele has not put forward a positive case of one of Saffron’s employees reaching the decision to continue selling Mrs Fields’ designs. Mr Steele was responsible for negotiating the Licence Agreement. He understood its terms. He was aware of its termination. It can have been his decision alone to continue to sell cards the subject of the Licence Agreement after its termination. This was clearly a major decision – and all the evidence (including Mr Steele’s) was that no major decision was made at Saffron without Mr Steele’s say so. I accept Mr Steele’s evidence that his family and health issues were on-going at this time. But he did say that he still went into the office (indeed, his evidence was that he usually attended three days each week), and he did have access to email. It is inconceivable that it did not occur to him in light of the termination of the Licence Agreement that he needed to stop selling the licenced products, and he does not suggest that this was the case. Indeed, there are in evidence several emails authored by Mr Steele from around that time that deal with the issues. He was clearly aware of what was going on, and driving Saffron’s decision making at that time. Therefore, in relation to the Group A infringements, I find that Mr Steele made the decision to keep selling Mrs Fields’ designs. He is therefore liable as a joint tortfeasor. Again, he actively co-operated to bring about the acts of Saffron and he intended that his co-operation would help bring about those acts.

## **The Counterclaim**

125. By their Counterclaim dated 18 August 2017, the Defendants claim a declaration that they have not infringed MFD's copyright. Further, the Defendants seek a dissemination and publication order, on the basis that MFD had contacted a number of retailers (including Waitrose, John Lewis, Waterstones, Tesco and Hallmark) as well as Metropolis' supplier in India and informed them of this dispute. The Defendants suggested that this caused commercial uncertainty, requiring a declaration of non-infringement for the Defendants to rely on in their future commercial dealings with third parties.
126. I have found above that some of the alleged infringements have not been made out. However, as noted above, Saffron has recently sold the assets of its business to a third party, and Saffron no longer has any staff. It has ceased to trade in the greeting card business and Mr Steele has retired. There is therefore no likelihood of any future dealings with third parties and hence no utility to the court granting declarations, let alone a dissemination and publication order. Such orders are therefore refused.
127. If I am wrong in relation to my findings of copyright infringement, had I found none of MFD's copyright to have been infringed, I would still have refused to grant the orders claimed in the Counterclaim for the reasons set out in the previous paragraph.

## **Summary**

128. Whilst employees of Metropolis assisted Mrs Fields in digitising her designs, Metropolis was never a joint owner of copyright in the cards.
129. Mrs Fields designed greeting cards other than in the course of her employment with Metropolis. She was therefore the first owner of copyright in the cards she designed.
130. If I am wrong in that, and the greeting cards were designed in the course of her employment, in my judgment, there was an agreement between her and Metropolis that she would own the copyright – an 'agreement to the contrary' within the meaning of section 11(2) of the CPDA.
131. In my judgment, Metropolis was never the beneficial owner of the copyright in the greeting cards by virtue of Mrs Fields' position as a director of Metropolis.
132. Copyright in the cards was therefore first owned by Mrs Fields individually.
133. The agreement of 10 April 2012 amounts in law to an assignment of Mrs Fields' copyright in the cards to MFD.
134. Copies of cards designed by Mrs Fields which were sold by Saffron following termination on 17 March 2016 of the Licence Agreement between MFD and Saffron infringe MFD's copyright.
135. Of the cards from Saffron's Couture and Adorn ranges set out in Annex 4 to the Particulars of Claim, cards COU002 and COU004 infringe MFD's copyright and cards COU007, COU009, ADN002, COU010, COU011, ADN007, ADN004, ADN002, ADN001 and ADN003 do not infringe MFD's copyright.
136. The acts of infringement have been committed by the First and Second Defendants pursuant to a common design and the First and Second Defendants are jointly and severally liable for the infringing acts.
137. The claim is therefore upheld in part. The Counterclaim is dismissed.
138. This judgment will be handed down on 6 June 2018. I will hear any argument as to consequential orders that need to be made on a date to be fixed.

**Appendix**

<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
 <p>A white card featuring a detailed illustration of a three-tiered wedding cake on a silver stand. Below the cake, the words "Wedding Day" are written in a black, elegant cursive font.</p>	 <p>A light pink card featuring a three-tiered wedding cake illustration with colorful floral decorations. Below the cake, the words "Wedding Day" are written in a red cursive font.</p>
<p>COU002</p>	<p>P439</p>  <p>A white card with a thin black border. It features a three-tiered wedding cake illustration in the center. Below the cake, the words "On Your Wedding day" are written in a black cursive font.</p> <p>P535 (cake)</p>

**Allegedly infringing Saffron cards from the Adorn and Couture ranges**



COU007

**Cards designed by Mrs Fields alleged to have been infringed**


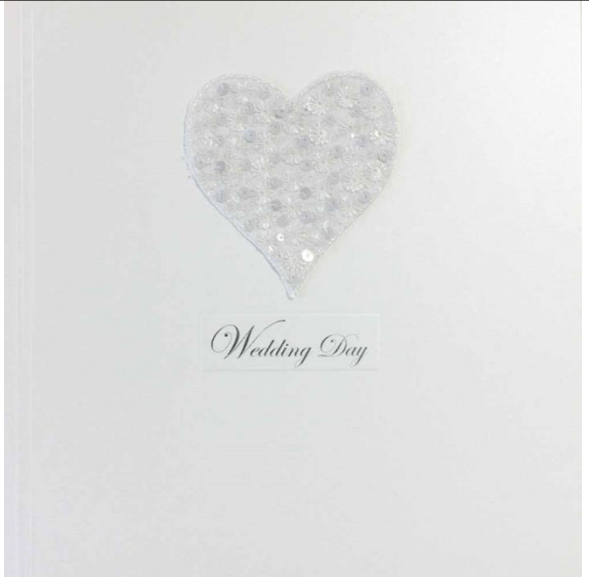


P479





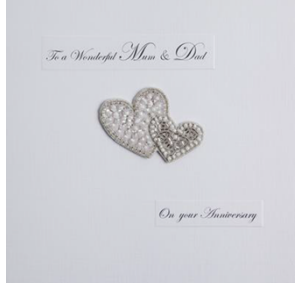




P493

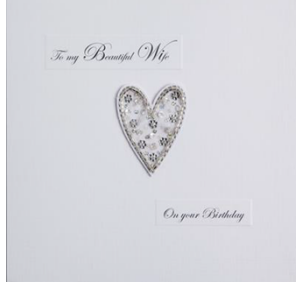



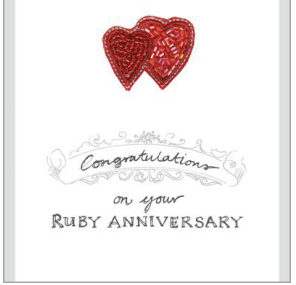
<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
	
<p>COU009</p>	<p>STR021</p>  <p>P515</p>





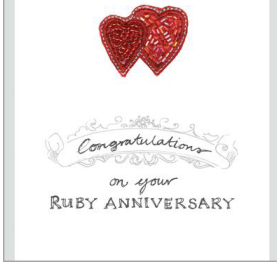
<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
 <p data-bbox="188 902 300 936">COU004</p>	 <p data-bbox="810 902 874 936">P537</p>










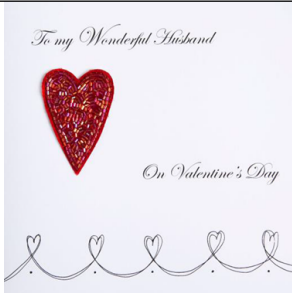

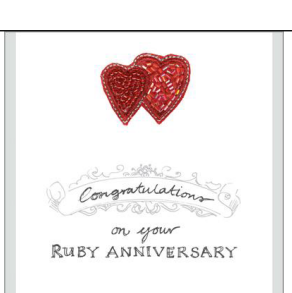
<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
	
ADN002	P479



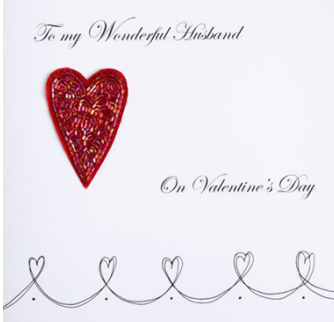

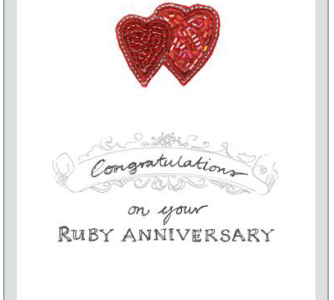
<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
 <p>COU010</p>	 <p>P535 (heart)</p>
	 <p>P534</p>
	 <p>P492</p>
	 <p>STR002</p>



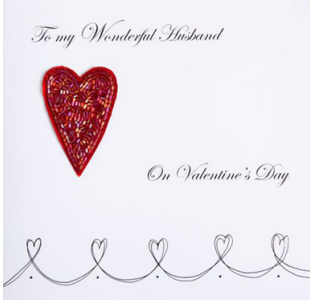


<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
 <p>COU011</p>	 <p>P535 (heart)</p>
	 <p>P534</p>
	 <p>P492</p>
	 <p>STR002</p>

<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
 <p>ADN007</p>	 <p>P535 (heart)</p>
	 <p>P534</p>
	 <p>P492</p>
	 <p>STR002</p>



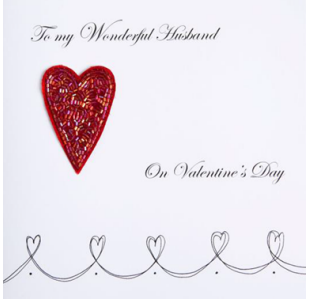


<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
 <p>FOR THE ONE I LOVE</p> <p>WITH LOVE</p> <p>ADN004</p>	 <p>On Your Wedding Day</p> <p>P535 (heart)</p>
	 <p>On Your Wedding Day</p> <p>P534</p>
	 <p>On Your Wedding Day</p> <p>P492</p>
	 <p>Congratulations</p> <p>on your</p> <p>RUBY ANNIVERSARY</p> <p>STR002</p>

<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
	
ADN002	VPRL001 (one)
	
	VPRL001 (husband)
	
	VPRL (wife)
	
	STR002

<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
 <p>ADN001</p>	 <p>VPR001 (one)</p>
	 <p>VPR001 (husband)</p>
	 <p>VPR001 (wife)</p>
	 <p>STR002</p>

<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
 <p>ADN003</p>	 <p>VPR001 (one)</p>
	 <p>VPR001 (husband)</p>
	 <p>VPR001 (wife)</p>
	 <p>STR002</p>



<b>Allegedly infringing Saffron cards from the Adorn and Couture ranges</b>	<b>Cards designed by Mrs Fields alleged to have been infringed</b>
 <p>ADN004</p>	 <p>VPR001 (one)</p>
	 <p>VPR001 (husband)</p>
	 <p>VPR001 (wife)</p>
	 <p>STR002</p>