

**Neutral Citation Number: [2005] EWHC 2188 (Ch)**  
**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 14/10/2005

**Before :**

**THE HONOURABLE MR JUSTICE KITCHIN**

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**Between :**

**GMG Radio Holdings Limited**

**Jazz FM Limited**

**Smooth FM London Limited**

**Claimants**

**- and -**

**Tokyo Project Limited**

**Mark Doyle**

**Defendants**

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**Mr. M. Platts – Mills QC** (instructed by **Davenport Lyons**) for the **Claimant**  
**Mr. A. Wilson QC and Ms. A. Michaels** (instructed by **Jayes & Page**) for the **Defendants**

Hearing date: 7 October 2005  
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## **Judgment**

**Mr Justice Kitchin :**

### **Introduction**

1. This is an interim application to restrain the defendants from using certain artwork in relation to compact discs or for the purpose of promoting certain musical events. The hearing took place before me on Friday 7 October. During the course of the hearing I was told by counsel for the defendants, on instructions, and for reasons which I explain further below, that it was essential that the application be decided on that day. The hearing finished late. At its close I reached the clear conclusion that it was not appropriate to grant the injunction sought and I so informed the parties. I said that I would give my reasons in writing and that I now do.
2. The claimants are members of Guardian Media Group, which publishes the Guardian and Observer newspapers. They also operate a music business under the trade mark "Hed Kandi". It is that business which forms the basis for the present claim. The business has been operated since the late 1990's.
3. The Hed Kandi business comprises three elements: first, a compilation record album label, secondly music events called "club nights" which take place at clubs and other similar venues and thirdly, a radio show.

4. The bulk of the evidence filed in support of the application on behalf of the claimants is contained in two witness statements of Mr. Horace McDonald who is the managing director of Enterprise Records, a division of the claimants' business. He provides a good deal of background information, much of which I do not understand to be in dispute, at least for the purposes of this application. It may be summarised as follows.
5. Hed Kandi is a dance music brand. Dance music is a broad umbrella term encompassing many different musical genres. To date, the claimants have released 47 compilation albums under the Hed Kandi trade mark; the first was released in July 1999 and the latest on 5 September 2005. Mr McDonald has exhibited the front covers of 43 of the 47 Hed Kandi albums and it is apparent from those covers that each of them bears the trade mark Hed Kandi and artwork comprising the image of one or more women drawn in what may be described as a "pop art" style. Each of the covers was created by an artist called Jason Brooks. Mr. McDonald explains that Mr. Brooks is a relatively well known artist and he has exhibited examples of his work taken from his website.
6. It is apparent that sales of Hed Kandi compilation albums have been steadily increasing. In 1999 some 20,000 units were sold in the United Kingdom. Thereafter approximately 97,000 were sold in 2000, 148,000 in 2001, 161,000 in 2002, 231,000 in 2003 and 415,000 in 2004. A further idea of the success of Hed Kandi may be gained from the fact that three Hed Kandi compilations currently feature in a search of the top 25 best selling dance and electronic compilation compact discs on the Amazon website.
7. Other aspects of the Hed Kandi business have also been very successful. Hed Kandi branded nightclubs run throughout the United Kingdom and world-wide. It seems that currently approximately 35 Hed Kandi events take place each month in the United Kingdom in bars and clubs and a number of radio shows are broadcast each week. In addition, I should mention that Hed Kandi's activities are promoted through its website and by advertising on radio, in the press, on television and by means of flyers and newsletters. The claimants estimate that in the region of 35,000 people attend their club nights each month.
8. The first defendant, Tokyo Project Limited, is a start-up business. The second defendant, Mr. Doyle, is a director of the first defendant and a major shareholder in it. Mr Doyle was originally employed by the claimants in 1997 to establish and run the compilation album business. The claimants accept that Mr Doyle was successful in his endeavours and this led to the coining and adoption of the Hed Kandi trade mark by the claimants in 1999. Mr. Doyle left Hed Kandi in June 2005 to develop the new Tokyo Project venture.
9. As I have indicated, the artist, Mr. Brooks, was retained by the claimants to provide artwork for the Hed Kandi albums. Unlike Mr. Doyle, however, Mr. Brooks was not an employee of the claimants and provided his services on a basis that entitled him to retain copyright in the artwork he created. The claimants have a licence to use that artwork for albums and other aspects of their business. Mr. Brooks also parted company with the claimants in about June 2005 with the apparent intention of continuing to work with Mr. Doyle in connection with his new venture.

### **The launch of Tokyo Project**

10. Mr. McDonald explains that he was naturally disappointed that both Mr. Doyle and Mr. Brooks decided to leave but that it is the subsequent activities of the defendants which have caused him particular concern and ultimately led to the issue of these proceedings. On 13 July the claimants saw a notice posted by Mr. Doyle on the www.dontstayin.com website entitled "Hed Kandi – why Mark is leaving". In that notice Mr. Doyle stated:

"I took the decision to try and create a new label that represented everything Hed Kandi used to be and everything it should be ... We would re-invent the brand and be in complete control of all areas of its business.

I believe Hed Kandi to be the sum of its parts and not just a name and a logo... It's our music, **our artwork**, our staff in and out of the office and the promoters and clubs we work with. **So I put into place a plan to move all of those assets into a new company.**

TOKYO PROJECT is our new label and events company. Many of the original Team Kandi members are joining us along with many of the DJ's **and most importantly Jason Brooks the cover artist that has become important** (sic) **as our music. From August 1<sup>st</sup> Hed Kandi will lose 6 of its most important staff and all rights to use the Hed Kandi artwork other than on the CD's they release.**

Everything that Hed Kandi achieved was in a completely unconventional manner and I plan to continue that with this new project. I think it may be the first time 90% of a company has all resigned with the same goal in mind. I think we can reinvent the spirit of Hed Kandi under the new name Tokyo Project. **The independent control of the company means we can retain the brand values and not over commercialise the company. There will be no major changes to our music policy or presentation... Tokyo will be Hed Kandi under a new name but new and improved Hed Kandi!!!"**

I have emphasised those passages upon which the claimants place particular reliance. At about the same time it came to the attention of the claimants that, on 11 July 2005, Mr. Doyle had sent an email in similar terms directly to promoters known by Mr. Doyle to have been used by the claimants. Not surprisingly, these activities of Mr. Doyle caused the claimants immediate and considerable concern. The claimants promptly complained whereupon the statement on the website was retracted and has not been re-posted.

11. On 28 July it came to the attention of the claimants that the first defendant had placed an advertisement for its forthcoming activities on its own website. The advertisement comprised the words "TOKYO PROJECT" prominently across its face and below that, in smaller text, the words:

"The brand new global project from HED KANDI's founder MARK DOYLE".

More importantly, for present purposes, the background to the advertisement comprised a colour picture of a stylised woman, apparently painted by Mr Brooks. The advertisement appeared on the website for about a day and was then removed. The claimants apparently took the position that rather than commence proceedings in

relation to this advertisement it would be better to monitor the activities of the defendants closely and seek disclosure of all their proposed artwork. Accordingly, on 10 August, Davenport Lyons, the solicitors for the claimants, wrote to the solicitors for the defendants requesting immediate disclosure of any artwork which the defendants intended to use in connection with the Tokyo Project venture. The letter did not, however, make specific complaint of the artwork used in the advertisement seen on 28 July.

12. On 17 August the claimants received from a disc jockey a document in the form of a proposal apparently issued by the defendants in relation to the Tokyo Project. At the hearing before me the claimants highlighted the fact that the proposal included the following statement under the heading "Illustrations & Art" :

"Jason (Brooks) is preparing brand new images for Tokyo project. These will show a significant and highly exciting development on from anything previously shown.

Jason Brooks' high fashion illustrations will be at the forefront of everything we do, whether it be Tokyo Project album artwork or used for in-club branding/flyers and event promotion and overall marketing for the brand".

13. The proposal contains many stylised drawings of women. A number of them are in black and white and others are in colour, although the faces of the women depicted in colour are not visible. Nevertheless, it seems to me that these pictures have also been drawn in the pop art style and their appearance does suggest that they are again the work of Mr. Brooks. Nevertheless, the claimants have taken the position that this imagery is sufficiently different from that used by Hed Kandi as not to be likely to cause a problem.
14. On 6 September the claimants were shown a flyer obtained at an event organised by the defendants in Newcastle on 3 September. The flyer again bears artwork produced by Mr. Brooks and to my eye it is very similar to that contained in the proposal received by the claimants on 17 August. The flyer refers to the launch of an album to be called "THE COLLECTION" and to the official launch party for Tokyo Project which was at that time due to take place on 9 October.
15. In the meantime correspondence continued to pass between the parties' solicitors and on 12 September the defendants offered inspection of the proposed artwork for their albums. That inspection was arranged for and took place on 21 September. Following the inspection the claimants' solicitors wrote to the defendants' solicitors setting out their intention to pursue an injunction if suitable undertakings were not provided. A number of changes were made to the proposed artwork and, on 23 September, the defendants e-mailed to the claimants what they indicated was likely to be the artwork in its final form. It is that artwork which forms the heart of the present complaint and is the subject matter of the application before me.
16. The cover of the defendants' compact disc carries in the top left-hand corner the words "Tokyo Project" and, in a red band across its front, the words "TOKYO PROJECT PRESENTS THE COLLECTION". The background consists of a young lady with long black hair wearing an oriental style dress. The claimants say that this illustration bears an obvious and unacceptable similarity to the artwork adopted by the

claimants for their compilation albums over the last six years. It is contended that the use of this illustration will lead members of the public to believe that the Tokyo Project album is another album in the Hed Kandi series.

17. At about this time the claimants saw the same artwork being used in other promotional items. Thus, on 16 September, they saw it being used on the defendants' website and on 21 and 22 September on a series of advertisements and flyers advertising various Tokyo Project events. All of these also form the subject matter of the application before me.
18. In deciding whether or not to grant an interim injunction I must first consider whether or not the claimants have established a serious issue for trial and secondly, if they have, whether or not the broader balance of justice considerations favour the grant or refusal of the injunction.

### **Serious issue to be tried**

19. In *Reckitt & Colman Products Ltd. v Borden Inc. (Jif)* [1990] RPC 341, HL Lord Oliver explained at 406 the elements which a claimant must prove in order to succeed in a claim for passing off:

"First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods and services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services.

Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff.

...

Thirdly, he must demonstrate that he suffers or, in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."

20. In this case the claim is based upon imitation of get-up. The claim does, however, have a rather unusual feature. The claimants do not rely on a particular get-up but rather upon the general style or appearance of the artwork appearing on their compilation albums from 1999 to date. Mr. Platts-Mills QC, who appeared on behalf of the claimants, put it as follows in his skeleton argument: "the artwork predominantly features a stylised illustration of a woman (occasionally 2 or 3) in various poses with various hair colours characterised by full lips and heavily made-up eyes and black eye brows." It is fair to note that he also submitted that this was not intended to be an attempt to reduce to writing the scope of the artwork and get-up relied upon and, during the course of his oral submissions, he also suggested that the women appearing in the claimants' illustrations usually had long, straight hair.

21. This rather general description of the claimants' get-up, together with the fact that the claimants' compact discs all bear the trade mark Hed Kandi, does, to my mind, present the claimants with something of a challenge in seeking to establish that the get-up is distinctive specifically of the claimants' goods or services. Moreover, the defendants' artwork clearly carries the trade mark Tokyo Project and this is clearly very significant in considering whether or not the activities of the defendants constitute a misrepresentation which is likely to result in confusion and deception. Nevertheless, it was urged upon me that particular aspects of the evidence before me do establish that the claimants have a powerful case.
22. First, I was referred to the evidence of Mr. Doyle and Mr. Nuttall. Mr. Nuttall is the Managing Director of a company called All Around The World Productions Limited which has the exclusive right to release the recordings of the first defendant. Mr. Doyle explained that artwork is obviously an attractive initial selling point and Mr. Nuttall confirmed that artwork undoubtedly attracts the consumer to pick a compact disc from the shelves of a record shop and consider it for purchase. As Mr. Platts-Mills put it, the album cover gets the defendants' "foot in the door".
23. Next I was referred to statements by Mr. Brooks and Mr. Doyle both before and after their departure to the effect that the artwork used by the claimants forms an important part of the Hed Kandi brand identity. In particular, in an e-mail dated 24 May 2004 to the claimants Mr. Brooks sought to justify an increase in his remuneration by emphasising that his artwork played an important part in developing the public recognition of the Hed Kandi brand and in developing the brand image. Mr. Doyle commented upon Mr. Brooks' e-mail the following day and expressed his views in trenchant terms. He said that the claimants could not allow Mr. Brooks to do any other music work in any other country, that there would be no point in taking Hed Kandi into other territories if there was a Jason Brooks copy in the same territory already and that Hed Kandi was "the sum of its parts". Later, and following his departure, Mr. Doyle posted the notice on the [www.dontstayin.com](http://www.dontstayin.com) website which the claimants saw on 13 July. The contents of that notice are set out earlier in this judgment. But in this connection the claimants particularly emphasised the assertion by Mr. Doyle that Hed Kandi was the sum of its parts, that is to say music, artwork and staff and that it was his intention to put into place a plan to move all of those assets into a new company. Further, there would be no major changes to the music policy or presentation of the new business and Tokyo Project would be Hed Kandi under a new name. It was submitted that it was apparent that the defendants had chosen a get-up with the deliberate intention of trading off the Claimant's good-will and that I should accordingly not be slow to find that they would succeed in their expressed intention. In this regard I was referred to the decision of the Court of Appeal *Harrods Limited v Harrodian School* [1996] RPC 697 and, in particular, to the passage in the judgment of Millet LJ at 706:

"Deception is the gist of the tort of passing off, but it is not necessary for a plaintiff to establish that the defendant consciously intended to deceive the public if that is the probable result of his conduct. Nevertheless, the question why the defendant chose to adopt a particular name or get-up is always highly relevant. It is 'a question which falls to be asked and answered': see *Sodastream Ltd. v Thorn Cascade Co. Ltd* [1982] RPC 459 at page 466 per Kerr LJ. If it is shown that the defendant deliberately sought to take the benefit of the plaintiff's goodwill for

himself, the court will not "be astute to say that he cannot succeed in doing that which he is straining every nerve to do": see *Slazenger & Sons v Feltham & Co.* (1889) 6 RPC 531 at page 538 per Lindley LJ"

24. The claimants also rely upon the results of a survey which they carried out over the weekend of 24 and 25 September. Interviewees were given a mock up compact disc bearing the artwork complained of and asked for their thoughts. The exercise was carried out at the HMV store in Oxford Street and outside a club called Pacha in London. The former is, to my mind, of more significance than the latter because the Pacha club was, at the time, having a Hed Kandi night and it therefore seems very likely the interviewees would have had Hed Kandi well in mind when invited to consider the mock up. The following are some of the responses obtained outside the HMV shop:

"Looks very similar to the Hed Kandi CD's"

"Its like it says Hed Kandi to me; the actual picture looks like Hed Kandi"

"It looks a bit like the Hed Kandi cover. That's what I first thought it was, to look at"

"Looks a bit like the Hed Kandi compilations"

"Its like the Hed Kandi ones isn't it? I've just bought them...their album..."

"Its Hed Kandi isn't it?"

"It looks like something that Hed Kandi would probably produce"

"It looks a lot like the Hed Kandi compilations that came out"

"Its very kind of Hed Kandi isn't it with the design?"

I should also say that all the interviews were filmed and I was afforded the opportunity during the course of the hearing to see a number of the interviews on a screen erected in court.

25. Despite these points advanced on behalf of the claimants it seems to me that there are very real difficulties associated with the claim. I will deal first with the issue of the compact discs, this being of primary concern to the claimants.
26. Taking first the issue of distinctiveness, the claimants face a number of significant problems. First, the get up itself is very difficult to define. The artwork for each of the recordings released by the Claimants is quite different. The common theme is that each cover features a stylised illustration of a woman or women in what I have described as pop art form. The defendants have shown, however, that this style is not unique to the claimants and have exhibited covers of compact discs sold under a number of different brand names such as "Mastercuts" and "bargrooves" which feature illustrations of girls in a similar style. Mr. Doyle also exhibits a series of advertisements in club magazines for live events featuring similar illustrations of stylised young women. It is fair to say that none of these other pieces of artwork are in exactly the same style as that of Mr. Brooks. Nevertheless, they are similar and do

embody in many cases the particular combination of features said to be distinctive of the claimants. Secondly, it is notable that the claimants do not complain of the use by the defendants of the artwork illustrated in the Tokyo proposal which came to their attention on 17 August. Once again this contains many, if not all, of the features said to distinguish the claimants' get-up. Thirdly, and to my mind importantly, the compact discs and other aspects of the business of the claimants have always been sold under and by reference to the Hed Kandi brand name. This appears to have been a consistent feature of the claimants' marketing strategy.

27. The second element of the cause of action which the claimants must establish is that the activities of the defendants constitute a misrepresentation which is likely to lead the public to believe that their goods and services are those of or connected in the course of trade with the claimants. Here again I foresee that the claimants will have considerable difficulty in establishing their case at trial. The artwork of which the claimants complain is not the same or substantially the same as that of any of the compact discs released by the claimants in the past. The artwork produced by Mr Brooks is entirely original, albeit certainly in the same pop art style that he previously adopted for the claimants. Furthermore, the compact discs do bear prominently upon them the brand name Tokyo Project. The survey upon which the claimants rely has obviously not been tested by cross examination and at this stage of the proceedings I must therefore approach it with some caution. Nevertheless, it does seem to me to show that the interviewees outside the HMV store did, in many cases, recognise the style of the artwork of the defendants' compact disc as being the same as or similar to that used previously by Hed Kandi but were not actually confused into believing that the compact disc was a Hed Kandi product. As submitted to me on behalf of the defendants by Mr. Wilson QC, association of this kind is not the same as passing off. Members of the public may well recognise the defendants' compact discs as being similar to or looking like those of Hed Kandi without believing that they are in fact the products of Hed Kandi or are otherwise connected in the course of trade with the claimants. In this regard I have also given careful consideration to the statements made by Mr. Doyle and Mr. Brooks before and after their departure from the claimants. They frankly recognise the importance of attractive artwork in developing the popularity of a brand. I do not feel, however, that I can conclude at this stage that their statements indicate an acceptance that the artwork used by Hed Kandi is itself distinctive of the claimants nor that it was their intention to cause deception and confusion and to trade off the claimants' goodwill.
28. Taking into account all these considerations I have reached the conclusion on the materials before me that the claimants will have considerable difficulty in making good their claim in passing off at trial. In my judgment the risk of deception and confusion occurring is relatively low. Nevertheless, particularly in the light of the statements made by Mr Doyle and Mr Brooks and the results of the survey the claimants have done enough to establish that there is an issue to be tried.
29. Turning to the other materials, namely the promotional and advertising materials and the website, the position of the claimants is no better than that in relation to the compact discs. It is apparent from the evidence of Nadia Rifaat, the events manager employed by the first defendant, that in excess of 100,000 leaflets bearing the artwork of which complaint is made have now been distributed. There is no suggestion that any actual confusion or deception has come to light as a result of this distribution.



Similarly, the defendants' website has carried the artwork complained of since 6 September. Again no instances of actual confusion have come to light and, it should be noted, the website is only accessible by members of the public who are familiar with the Tokyo Project brand. In relation to these other aspects of the complaint I consider the claimants have only just established an arguable case.

### **The balance of justice**

30. The first question I must consider is whether or not, if an injunction is refused, damages would adequately compensate the claimants. In a passing off case the answer to this question will rarely be yes, and the present case is no exception. If the claimants establish their case at trial then it will plainly be difficult to determine the extent to which they have lost business as a result of the defendants' competitive activities. Moreover, there is, on the evidence, some doubt as to the ability of the defendants to pay any substantial award of damages. The first defendant is a start-up company and, although it appears to have substantial backers, no guarantee has been offered in respect of the defendants' potential liabilities.
31. Turning to the converse position, I must consider whether or not the claimants' cross undertaking in damages would adequately compensate the defendants if the claim fails at trial. The evidence before me establishes to my mind quite clearly that damages are most unlikely to be an adequate remedy for the defendants. The timetable for the launch of the compact disc has already been put back as a result of these proceedings. I was told during the course of the hearing on Friday 7 October that it was imperative that the defendants commit to the production of the artwork on that day. Failure to do so would mean that they would lose their production slot. It was unlikely that they would be able to secure another in the near future. That would mean that, in all likelihood, the launch would have to be deferred until after Christmas. That in turn would mean the compact disc would have to be abandoned because it contains a compilation of currently popular recordings planned for the Christmas market. I was told a number of these matters upon instructions and take them into consideration on the undertaking by the defendants to confirm them in the form of a witness statement.
32. Mr. Doyle has explained in his witness statement that to date nearly £250,000 has been invested in the Tokyo Project venture and that should the defendants be prevented from releasing their compact disc the business would probably fail completely. Mr Baxter, a director and shareholder in the first defendant has also given evidence that the grant of the injunction sought would be catastrophic to the defendants' business. If the business did not fail then the evidence before me is that the injunction sought would result in a loss of sales revenue estimated at in excess of £650,000.
33. In these circumstances I must proceed to consider the balance of convenience more generally. On the evidence I have reached the conclusion that if the claimants succeed at the end of the day but the defendants are permitted to continue to trade in the meantime in the manner proposed then the damage to the claimants, although difficult to assess, is not likely to be very significant. I believe that the risk of significant sales being diverted to the defendants as a result of deception and confusion is relatively small. Moreover, if the defendants are permitted to establish their business then there is at least a prospect that they will be able to meet any potential liability at the end of

the day. Conversely, if I grant the injunction sought then there is a very substantial risk of substantial damage to the defendants. That damage may be so severe that the business of the defendants will fail entirely. These factors suggest that the refusal of an injunction is likely to cause the least injustice.

34. It was also submitted on behalf of the claimants that if I refused to grant an injunction then there was a substantial risk that other competitors would adopt artwork similar to that of the claimants. I am not persuaded that there is a real risk that the claimants will suffer damage of this kind pending trial. As I indicated during the course of the hearing, I am minded to make directions to have the action heard as speedily as possible and, if the claimants are successful at the end of the day, then no doubt that success will be well publicised and competitors will respect the rights which the claimants have established.
35. It was also suggested on behalf of the claimants that if the business of the defendants is not successful then it would be damaging to be associated with them. Again, I am not persuaded that this is a material factor in the balance of justice. Mr. Doyle played a large part in the establishment of the claimants' business and evidently was very successful. There is no reason to suppose that his efforts on behalf of the defendants will be any less effective.
36. Weighing all these matters together I have come to the conclusion that the balance of justice comes down firmly in favour of not granting the injunction sought in respect of the proposed compact discs. I did not understand the claimants seriously to push for an injunction in respect of the advertising materials and website in the event that I refused an injunction in respect of the compact discs. In any event, I have reached the conclusion that once again the balance of justice lies in favour of refusing the injunction sought. As I have indicated, in excess of 100,000 advertising leaflets bearing the artwork complained of have already been distributed. There is no suggestion that this has caused the claimants any particular damage or embarrassment. The same applies to the website. In this case the risk of damage to the claimants is further reduced by the fact that it is only accessible by persons who are familiar with the Tokyo Project brand. Conversely, if I grant the injunction sought, the defendants will be forced to redesign their artwork and produce new leaflets and a new design of website. This will cause a certainty of damage and inevitably disrupt the defendants' business. Once again the balance of justice favours the defendants.
37. For all these reasons I dismiss the application.