

Neutral Citation: [2002] EWHC 14 (Ch)
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 22nd January 2002

B e f o r e :

THE HONOURABLE MR JUSTICE LADDIE

KEVIN FLOYD SUTHERLAND & OTHERS

Claimants

- and -

V2 MUSIC & OTHERS

Defendants

Mr Charles Purle QC & Mr Richard Southall appeared for the Claimants
Mr Adrian Speck appeared for the Defendants

Hearing dates: 15-17 January 2002

APPROVED JUDGMENT

(Based on the Tape Transcript produced by Smith Bernal Reporting Limited,
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Mr Justice Laddie:

1. This is a judgment in a passing-off action. The first claimant is Kevin Floyd Sutherland, the second is Peter Lyall. Together they are the moving force behind a band called "Liberty". The band's speciality is a type of music called 'funk'. The third claimant is Bryon Michael Bird, who trades as Century Vista Records. He is a recorder producer in a comparatively small way of business. The 2nd to 6th defendants, Jessica Taylor, Kevin Simm, Tony Lundon, Michelle Heaton and Kelli Young are all young musicians. They had participated in a television programme run by Granada and LWT called 'Popstars', the purpose of which was to select, from a very large number of contestants, a group of five who would then be blended together and promoted as a new pop group. The 2nd to 6th defendants were among the ten finalists in the programme. However they were not selected to participate in the winning Popstars group. Although the final programme which announced the winners (who were formed into a group called "Hear'say") was not broadcast until 3 February 2001, these defendants were told that they had failed to win in mid-November 2000.
2. Not long after that, it was decided that they would form their own group. As a result of certain restrictive covenants imposed on contestants in the television programme, these defendants were not free to operate as a performing group before the beginning of March 2001. Shortly thereafter they decided to perform together under the name 'Liberty'. I shall call them "Liberty 2" for convenience.
3. The first defendant is V2 Music Ltd. It is a major independent record company, engaged in the business of producing, manufacturing and distributing records. It signed Liberty 2 and has produced two records, the first of which reached number 5 in the hit parade.
4. When the claimants learned of Liberty 2, they protested. In September 2001 the present proceedings were launched. Interlocutory relief was sought. In the end Neuberger J declined to grant such relief. Instead he ordered a speedy trial.
5. Although a number of sophisticated points have been taken, the central allegations and defences are short and simple. The claimants assert that their Liberty (which I will refer to for convenience as "Liberty 1") is a talented and respected funk band, set up in the late 1980s, and reached the heights of its public exposure between 1993 and 1995 or 1996. Although it does not have that exposure now, it is still known to, and admired by, a significant, though not enormous, section of the public and by members of the music industry. As a result, they continue to enjoy a significant reputation amongst members of the general population who are young and interested in modern music and members of the industry. They say that they have never ceased operating and have continued to work at developing their marketability. To that end they recently recorded some new songs with a well known rap vocalist, Nzarean. They say that because the name of their group and the defendant's group is identical, confusion and deception is inevitable and that, in effect, the defendants will swamp and crush their commercial activities.

6. The defendants' core allegations are that Liberty 1 made very little impact even as of the mid-1990s. It may have had a bit of reputation then, but that such as it did have had evaporated by the time Liberty 2 came on the market. Liberty 1 has to all intents and purposes ceased to trade. For these reasons, the claimants cannot make out any of the classic three requirements in a passing-off action, namely reputation, deception or damage.
7. Before turning to the facts, I should say something about the law. First, as I understand it, Mr Purle QC, who appears for the claimants, does not dispute that the three elements referred to above need to be proved by his clients in order to succeed in a passing-off action. However, there was a dispute, or at least a marked difference of emphasis, between him and Mr Speck, who appears for the defendants, in relation to one particularly important issue, namely residual reputation.
8. There is no doubt, at the very least, that Liberty 1 has had a low profile for the last five years. Mr Speck argues that it has been, to all practical intents and purposes, defunct for all that time. This has two results: first, he says the reputation which it may have acquired in the early and mid-1990s has disappeared; second, even if some reputation has survived it is of no consequence because the defendants' activities can cause it no harm. Since Liberty 1 is not functioning, it has nothing to lose by reason of the defendants' activities, even if - which is hotly disputed - some confusion is being caused.
9. If this latter point is good, it seems that it will be virtually impossible for any non-trading claimant to succeed on a passing-off action. Mr Speck says that this is an inevitable consequence of the existence of the three requirements - goodwill, deception and damage - in passing-off actions, and in particular a requirement to prove damage. He says that there may be exceptional cases where a non-trading claimant can succeed. He suggests, for example, that if a company closes down a line of business under one trademark, but continues it or a similar line of business under another trademark, it may be that confusion caused by a new company using the old mark will, so to speak, rub off on the claimant's business under the new name and thereby indirectly cause him damage which will be sufficient to enable him to maintain a passing-off action.
10. He says that the fundamental requirement to prove damage was ignored or not argued in what is generally regarded as one of the leading cases in this area: *Ad-Lib Ltd v Granville* [1972] RPC 673. He says that that authority must be treated with special care. There is little doubt that if his submission is correct, *Ad-Lib* should not have been decided the way it was.
11. It appears to me that a consideration of the law as it applies to cases of residual goodwill should start with a reference to *Star Industrial Co Ltd v Yap Kwee Kor* [1976] FSR 256. In that case the plaintiff, a Hong Kong company, had been exporting to Singapore toothbrushes under the name "Ace" and in a distinctive get-up. In 1965, as a result of the imposition of import duties introduced by the Singapore government, the plaintiff stopped exporting to Singapore. In 1968, the defendant started selling toothbrushes in Singapore. They carried a mark, and bore a get-up, which closely

imitated that used on the plaintiff's former products. It appears that the plaintiff had assigned its rights in the market to a new Singaporean subsidiary which - importantly - was not a party to the passing-off action brought against the defendant. The Privy Council upheld the decision of the High Court and Court of Appeal in Singapore that the plaintiff's action failed. It was held as a fact that the plaintiff had abandoned the business in Singapore or, perhaps more accurately, had partly abandoned it and partly transferred it to another company which was not party to the proceedings.

12. The opinion of the Privy Council is easy to understand. If a party abandons a business and the goodwill associated with it he cannot subsequently sue to protect that goodwill. He has relinquished any interest in the goodwill. Furthermore, adopting the approach favoured by Mr Speck, if there is abandonment of business it is likely that the former owner will be unable to show any likelihood of damage because there is nothing left to damage. However, there is at least one passage in the *Star Industrial* case which suggests that there might be a different result if there is no abandonment. At page 270 of the report Lord Diplock said:

“At common law this right of user of the mark or get-up in Singapore was incapable of being assigned except with the goodwill of that part of the business of the Hong Kong Company in connection with which it had previously been used. So, if despite the temporary cesser of the Hong Kong Company's business in Singapore after the import duty on toothbrushes had been imposed in 1965, it still retained – as well it might (*c.f. Mouson & Co v Boehm* (1884) 26 Ch Div 398) – a residue of goodwill capable of being revived in 1968, any right or property in that goodwill would have passed to the Singaporean company under the agreement.”

13. This suggests that temporary cessation of a business, in that case of about 3 years, does not necessarily destroy the goodwill in the business, although, no doubt, over time that goodwill will shrink and eventually disappear.
14. The need to concentrate on what is happening to the goodwill is important because it is that which an action for passing-off is intended to protect. This can be seen, for example, in the well-known statement of Parker J in *Burberry's v Cording* [1900] 26 RPC 693, where he said:

“The principles of law applicable to a case of this sort are well known. On the other hand, apart from the law as to trademark, no one can claim monopoly rights in the use of a word or name. On the other hand, no one is entitled to the use of any word or name, or indeed in any other way to represent his goods as being the goods of another to that other's injury. If an injunction be granted restraining the use of a word or name, it is no doubt granted to protect property, but the property to protect which it is granted is not property in the word or name but property in the trade or goodwill which will be injured by its use.”

15. Goodwill is an asset of a business. It can be very valuable. It attracts customers. It can facilitate finding more business. It can be bought and sold. It can be damaged. It is

because the action for passing-off is intended to protect goodwill that it is not restricted to cases where the claimant can show that the defendant's activities have deceived customers into purchasing his goods or services in substitution for the claimant's. This is illustrated in many cases. It is sufficient to refer to one: *Ewing v Buttercup Margarine Co Ltd* [1917] 34 RPC 232. In that case the plaintiff sold margarine retailed in shops, mainly in Scotland and the north of England. It had used the name 'Buttercup Dairy Company'. The defendants proposed to sell margarine wholesale under the name 'Buttercup Margarine Company'. In holding there to be passing-off Lord Cozens-Hardy MR said:

"[The defendants] assert their right to do what is complained of, and they file a great mass of affidavits, and they appear here in Court to assert their right to do what they have threatened and continue to do. They seek to justify it on the ground that the arm of the Court is not long enough to reach a defendant who takes a name or a word, which, in the view of the Court, who are judges of the fact, is calculated to deceive, unless it can also be shown that it is calculated to deceive in this sense' that a person who would be a customer of the Plaintiff is induced to become a customer of the Defendants; and they say that this doctrine has no operation here, because they are wholesale people and the Plaintiff's business is a retail one: and that it is true that they have fullest possible power under the Memorandum and Articles of Association to carry on a retail business, but at the present moment they have no such intention. I should be very sorry indeed that we were so to limit the jurisdiction of the Court. No doubt mere confusion, due to some acts of the defendants, would not be a cause of action. The case of *Day v Brownrigg* is a good illustration of that - but I know of no power, and I can see no principle for holding that a trader may not be injured, and seriously injured, in his business as a trader by a confusion which will lead people to conclude that the defendants are really connected with the plaintiffs or a branch of the plaintiffs' business or in some way mixed up with them."

Warrington LJ in the same case said:

"It seems to me that the Plaintiff has proved enough. He has proved that the Defendants have adopted such a name as may lead people, who have dealings with the Plaintiff, to believe that the Defendant's business is a branch of, or associated with the Plaintiff's business. To induce the belief that my business is a branch of another man's business may do that other man damage in all kinds of ways. The quality of the goods I sell; the kind of business I do; the credit or otherwise which I might enjoy - all those things may immensely injure the other man, who is assumed wrongly to be associated with me. It is just that kind of injury which what the defendants have done here is likely to occasion, and I think the learned judge is perfectly right."

16. It is against that background that I can consider *Ad-Lib*. In that case, the plaintiff was a proprietor of a well-known nightclub of that name. As the report records, it had commenced trading on 4 February 1964 and was forced to close on 5 January 1966 as a result of a permanent injunction granted against it relating to the prevention of noise. At the time of its closure in 1966 it had 4,000 members. In November 1970, almost five years later, the defendant announced his intention to reopen the Ad-Lib club. The plaintiff said he had never given up the hope of finding alternative premises for his

business, and had been seeking premises unsuccessfully. He sued in passing-off. Vice-Chancellor Pennycuik granted an interlocutory injunction. In his judgment he explained the circumstances in which a non-trading plaintiff could succeed in a passing-off action. He said:

“The question which is raised by the present action is simply whether by the interval of some five years which has passed since the plaintiff company’s club was closed the plaintiff company must be regarded as having ceased to have any goodwill to which his name could fairly be said to be attached. The matter is put in Halsbury’s Laws of England 3rd Edition, Volume 38, page 39 in these terms:

‘Since the right of action for passing-off is based on injury to goodwill, a person who has ceased to carry on the business in which a mark or name was used, or has discontinued the use of a name or mark in his business, cannot maintain an action for passing-off in respect of the name or the mark, unless, it seems, he can prove that the name or mark retains a residual renown as denoting his goods.’

In support of that statement there is cited the case of *Norman Kark Publications Ltd v Odhams Press Ltd* [1962] 1 All E.R. 636,] 1962] R.P.C. 163 in which the first paragraph of the headnote reads:

‘In an action to restrain the use of a magazine or newspaper title on the ground of passing-off the plaintiff must establish that at the date of the user by the defendant of which the plaintiff complains, he has a proprietary right to the goodwill of the name, viz. that the name remains distinctive of some product of his, so the use of the name by the defendant is calculated to deceive, but mere intention on the part of the plaintiff not to abandon the name is not enough,’” (p 676)

Later the Vice-Chancellor said:

“It seems to me clear on principle and on authority that where a trader ceases to carry on his business he may nonetheless retain for it at any rate some period of time the goodwill attached to that business. Indeed, it is obvious. He may wish to reopen the business or he may wish to sell it. It further seems to me clear in principle and on authority that so long as he does retain the goodwill in connection with his business, he must also be able to enforce his rights in respect of any name which is attached to the goodwill. It must be a question of fact and degree at what point in time a trader who has either temporarily or permanently closed down his business shall be treated as no longer having any goodwill in that business or in any name attached to it which he is entitled to have protected by law.

In the present case it is quite true that the plaintiff company has no longer carried on the business of a club, so far as I know, for five years. On the other hand, it is said that the plaintiff company on the evidence continues to be regarded as still possessing goodwill to which this name, AD-LIB CLUB, is attached.” (p677)

Towards the bottom of the page he said:

“I think that the proper inference to be drawn from the evidence is that the plaintiff company has indeed a residual goodwill to which the name is attached and that that goodwill is an asset of value in the hands of the plaintiff company which it is entitled to exploit, if it is so minded, in the future and which it cannot be said to have abandoned. That being the position, the name is something which it is entitled to have protected by injunction.

When one comes to the balance of convenience, there is a balance which, as far as can I see - and I have only the plaintiff company’s evidence before me - is wholly in favour of granting immediate interlocutory relief. It is pointed out and it is plainly right that if the defendant once opens his club under the name AD-LIB CLUB the plaintiff company’s goodwill in that name will be gone and gone for good.”

17. In my view Mr Speck’s attack on the *Ad-Lib* decision is misplaced. Not only has it been accepted as good authority for more than 30 years, it is, with respect, clearly right. As long as a claimant has not chosen to abandon his goodwill, it remains as an asset protectable from damage by passing-off proceedings. Destroying the goodwill so it no longer is an attractive force which will help the claimant’s business is but one form of damage of which the court can take notice. If Mr Speck were correct, *Ad-Lib* must have been wrongly decided: the plaintiff no longer had any members; he had no immediate prospect of opening a new club; he therefore lost no membership fees or any other readily identifiable sums of money or business. But what he was at risk of losing was the very thing the action was intended to protect - his goodwill, something which would be utilised to support and facilitate his future business. As I say, *Ad-Lib* has been treated as good law for over 30 years. To the best of my knowledge, it has never been disapproved of.
18. Another case where the same approach was adopted as in the *Ad-Lib* is *Thermawear Ltd v Vedonis Ltd* [1982] RPC 44. There, a quasi-descriptive trademark, ‘Thermawear’, had been used by the plaintiff up to 1974. As Whitford J held:

“Thereafter, except for a few isolated incidents, the plaintiffs up to the issue of a writ were only using Thermawear as part of, and for a very brief period, as the company name.” (p67)
19. Five years after the plaintiff had ceased using mark on its goods, the defendant started to use it on its goods. The learned judge summed up the case as follows:

“The plaintiffs’ case is based on their assertion that there is a residual and persisting reputation in this word as a word distinctive of their goods. Now a reputation may persist, and relief has not infrequently been given in passing-off proceedings, in cases where only a residual reputation could be relied upon.”
20. The learned judge found for the plaintiffs.

21. In my view there is nothing exceptional or unusual in *Ad-Lib* or *Thermawear*. They represent a normal and logical application of passing-off principles. They do not seek to avoid the need to show damage: rather they make it clear that damage to the goodwill itself will invoke the protection of the court. Goodwill is of value, not only in respect of current business, but also because of future business opportunities it will nurture. It is its power to support and improve future business which gives it its valuable and makes it saleable. It is acquired by trading and advertising in the past but its value is in the way it promotes future business.
22. There is one other general matter to deal with before turning to the facts, namely the size of the claimant's reputation. At some point a reputation may be respected by such a small group of people that it will not support a passing-off action. Neither Mr Purle nor Mr Speck were able to formulate a test for this bottom level. Mr Purle said it was a matter of fact and degree. I agree with that. The law of passing-off protects the goodwill of a small business as much as the large, but it will not intervene to protect the goodwill which any reasonable person would consider trivial.
23. I can now turn to the facts. I should make it clear that there is not and could not be a suggestion here that the first and second claimants have abandoned their commercial interests in the name Liberty. Indeed, in 2001 they have recorded a number of songs which they had written and performed with Nzarean. As I have said, CDs of these tracks were prepared. They were to be used for promotional use only. However, that promotion was stopped when, very shortly after the recordings were made, the defendants, with their attendant large publicity associated with the Popstars programme, came into existence. I should also point out that the claimants do not say that this is really *an Ad-Lib* case, because they say they have never ceased operation. Nevertheless, it is undoubtedly true and accepted by them that their period of high public exposure took place in the early and mid-1990s.
24. Oral evidence at the trial was given on behalf of the claimants only. Originally the claimants had alleged that the defendants had chosen and used the name Liberty with the intention of deliberately deceiving the public. The defendants had filed evidence to meet this allegation. After some reconsideration, the claimants withdrew this allegation. The defendants' evidence directed to this issue became irrelevant. At the end of the claimants' witnesses, Mr Speck offered to allow his witnesses' statements to be treated as if served under Civil Evidence Act notices and therefore open to criticism and comment by Mr Purle. This was a course which had been agreed with Mr Purle in respect of one of the claimants' witnesses. This course was agreed by all the parties. It appears to me that this was a thoroughly sensible way to proceed. The evidence stands and can be commented on without the need for cross-examination. Since most of the evidence can be described charitably as non critical, nothing was lost by this cause.
25. The witnesses called by the claimants consisted of the claimants themselves and a number of others who gave evidence relating to Liberty's fame. Mr Speck described Mr Sutherland as an extremely fair and balanced witness. I agree. He gave his evidence without rancour and without any exaggeration.

26. Mr Speck said that Mr Lyall was not fair or balanced. He said he over-egged his evidence. I disagree. He struck me as a fair and balanced witness also. He might have a slightly more exuberant and outward-going disposition than Mr Sutherland, but I detected no attempt to mislead or to exaggerate.
27. Mr Speck criticised the third claimant - Mr Bird - as unreliable. I agree. During the course of cross-examination it became clear that in material respects his witness statement was materially misleading.
28. All of the other witnesses called by the claimants struck me as honest and fair. I did not understand Mr Speck to disagree.

The Facts

29. Liberty 1 was created by Mr Sutherland in the 1980s. It was already in existence when Mr Lyall joined in it in 1990. It appears that Liberty 1 was not just another band, indistinguishable from the vast bulk of the myriad of other bands in this country. By all accounts, the members of the band are very good musicians. In 1993 they were voted joint winners of a competition to find the Young London Band of the Year. This was organised and promoted by Capital Radio FM and Coca Cola. This resulted not only in exposure on Capital Radio but also to press coverage and work performing live. The extent of this will be considered below. What is apparent is that in the period between 1993 and 1995 Liberty 1 built up a group of dedicated fans among members of the public.
30. Enthusiasm for Liberty 1 was not restricted to members of the public. For example, Mr Nick Coleman, now Features Editor of the Independent on Sunday, who at the time was working for Time Out magazine, and was a member of the panel which selected Liberty 1 as the winner of the 1993 award, described them in an interview on Capital Radio in that year as “one of the most exciting British bands I have seen in the last year or two”. Similarly, Mr Lindsay Wesker, Music Programming Manager of MTV Digital, who was formerly Head of Music at Kiss FM Radio met Liberty 1 in 1994. His radio station played their music and he interviewed them on air. His view, expressed at the time, was as follows:

“We are going to pursue this band’s career very, very close closely because it is fairly clear to me that they are in the advanced stages and very close to superstardom and world domination”.
31. Ignoring the hyperbole, this gives the flavour of some of the enthusiasm felt for the band. I did not understand either of these witnesses to have changed their views of Liberty 1. The same enthusiasm was reflected in the evidence of all the witnesses. In a way this may appear misplaced in view of the band’s failure to become a major commodity. This is no doubt largely due to the fact that they failed to turn their 1993 win into a recording contract with a major record label.

32. Indeed, one of the points made by Mr Speck is that Liberty 1 has very little by way of record sales to show for its work. In this country it has only released three records: 'Who is she' in 1992, 'Special Edition' in 1993 and 'A rose by any other name' in 1995. Sales of this have been small - a few thousand at most. Liberty 1 has persisted in trying to get its music out. It has more recently than 1995 sold records in the United States and Holland. It has produced a number of records which are unreleased.
33. Furthermore, in 1998 Mr Sutherland and Mr Lyall started work on writing songs for and producing another record called 'Tabitha C'. That was produced in 1999. In the same year they secured a distribution contract with a company called Jet Star, although no records have yet been sold under that label.
34. Liberty 1's reputation in the mid-1990s, to the extent it existed, owed a lot to the success in the Capital/Coca Cola event, a certain amount of press comment, air plays of their music on radio, which continued at least until 1996, and the fact that DJs continued to play their music. Over and above that, they performed live concerts. Once again the hey-days for this were in the mid-1990s. It appears that Liberty 1 played in the region of 28 live concerts. Some were at locations which, although well known to the part of society to which funk music appeals, were modest in size. The biggest two concerts they participated in were at the Wembley arena, at which they played as a support act for a well-known group Wet Wet Wet. There were about 20,000 people who attended those two concerts. I have no reason to doubt Mr Lyall's evidence that Liberty 1's reception by the audience was extremely enthusiastic.
35. Since the mid-1990s, Liberty 1 has soldiered on. Members of the group, and particularly Mr Sutherland, are frequently asked to play with other performers. Where does that leave us on the crucial issue of reputation? Mr Speck says that for a short while, around 1993, Liberty 1 had a modest reputation, and it had in substance no reputation when Liberty 2 decided to use the name Liberty in the spring of last year.
36. I am not sure that using the word "modest" really helps decide the issue in this case. I would prefer to express the position as follows. In the period 1993 to 1995 Liberty 1 was not a nationally recognised group; It had no recording contract; fans would have difficulty buying its records; it was not supported by the resources of a major promoter; and inevitably it did not have a record in the hit parade. But in my view it is likely that, particularly amongst that section of the public that likes funk music, it was known and respected. Winning the competition, the plugging by radio stations and DJs and the concerts mean that it is likely that it was known to some tens of thousands of members of the public at this time and admired by a significant number of them.
37. The more important question is how much, if any, of that reputation and fame survived to the spring of last year. This I have found by far the most difficult question in this case.
38. Liberty 1's music appeals mainly to a young audience. Taste in music changes. With the passage of time and in the absence of release of further records or live concerts,

many who listened to and liked Liberty 1's music in the mid-1990s must have moved on. Memories of Liberty 1 must have faded for very many of them. To some extent this was confirmed by Mr Sutherland. The group set up a fan club. He told me that it fizzled out. With nothing new commercial available, there was probably little point in being a member of the fan club. The claimants did produce a number of witnesses - members of the public, DJs, radio presenters and the like - who were still enthusiastic about the group and had kept the faith. All of them were, in my view, clearly honest and authentic about their continuing enthusiasm for Liberty 1. Mr Speck - rightly, in my view - cautioned me accepting this evidence uncritically. All of these witnesses were either members of Mr Sutherland's or Mr Lyall's family or, in the majority of cases, were known to Mr Lyall or Mr Sutherland having become friends, normally as a result of having got to know Liberty 1 and its music. As Mr Speck said, friends and relatives are much more likely to know and remember Liberty 1 than mere members of the public.

39. As I have said, I have found this by far the most difficult point in the case. Have the claimants proved on a balance of probabilities that they have sufficient reputation, most of it residual from mid-1990s, to support a claim of passing-off as of the spring of last year?

40. In my view this case is very close to the borderline, but I have come to the conclusion that Liberty 1 does have sufficient reputation. Although Mr Speck was right to caution me against the evidence of friends and families, what struck me was the authentic enthusiasm which the witnesses still had for Liberty 1. This I thought mirrored the enthusiasm expressed at the time of the Capital Radio competition. By the very nature of the type of product offered by Liberty 1, the usual devices of public opinion polls and surveys are not really available to provide evidence here. One has to draw conclusions from the material put before the court. It is common experience that the impact made by good musicians can last well after they have stopped performing and sometimes after their death. Needless to say, in the case of international stars this impact is nurtured by re-releases of their recorded music and the like. There is no equivalent here. Liberty 1 are not and have never been international stars. Not having secured a major recording contract, their impact has remained more local and limited. But I have come to the conclusion that the impact they made on their public in the mid-1990s is unlikely to have disappeared. The enthusiasm for Liberty 1 does not sparkle as brightly as it did then, but it still glows.

41. Thus far I have concentrated on reputation among members of the public. Mr Purle relies on more than that. He says that people in the music industry also have to be taken into account. I agree. As Mr Lyall said in his witness statement and was not challenged:

“Since 1993 [Liberty 1] has maintained contacts with the entertainment industry.”

42. There is much evidence of this in the witness statements. Mr Phillips put it as follows:

“I recognise Liberty as an active band through the music circles that I both work and socialise in, that the band members are known individually and collectively as respected artists. All of their material is original and has been written and indeed played and performed by the band members.”

43. The fact that Liberty 1 has continued to maintain a presence in the industry is apparent from the evidence. They have continued to write and record, have distributed promotional records, sought contracts, distributed records abroad and so on. Furthermore, it seems that they are sufficiently well known and respected that members of the band are asked to play with other, sometimes very well known, artists and groups. They have offered their own record production skills to others. It follows that I find as a fact that as at spring 2001 Liberty 1 had a continuing, if small, commercial reputation in this country.
44. Mr Speck says that even if that were so it would not support a cause of action in passing-off. His argument goes as follows. To be able to sue in passing-off the claimant must possess an exclusive reputation in the name, mark or get-up. This means that if there is anyone else in the market with the same name, mark or get-up no action is maintainable. Based on this he says that there were other groups with the name Liberty which had existed. Therefore no matter how much reputation the claimants had they can not succeed.
45. This submission seems to me to be at variance with authority: see for example *Dent v Turpin* [1862] 2 J&H 13 and *Parker v Parker* [1965] RPC 323. As an is well known to trademark lawyers, there are currently two companies selling beer in the United Kingdom under the name ‘Budweiser’. If Mr Speck were right, neither would be able to sue a new entrant into the market under that name. Mr Speck said that that was an exceptional case because both traders had started their business abroad. I do not understand why, as a matter of principle, that should make any difference. Furthermore, protectable shared reputations are to be found in all the champagne-type cases. In the end I think Mr Speck retreated from this extreme position. He said that if the mark in issue is already used by more than one party it will be extremely difficult for the claimant to succeed because members of the public will have had to learn to distinguish traders by means other than the common mark. In *Kerly’s Law of Trade Marks and Trade Names* 13 ed, the following is said:

“Shared Reputation

The claimant in a passing-off action need not show that the badge the defendant has taken denotes his goods or business exclusively if the defendant has no right to use it at all: it is enough for him to show that is one of a definite and ascertainable class of those who are entitled to use it and who consequently suffer damage from its misuse. But if the badge is independently properly used by others than himself the difficulty of showing that its use by the defendant is calculated to injure his goodwill may be greatly increased. It is accordingly desirable, where the right to use a badge is shared, that as many as practicable of those entitled to use it should join in an action to protect it” (my emphasis).

46. I am not sure that the last sentence is right. If none of the claimants alone has a right to sue, I cannot see how they can acquire one by suing together. Save in this latter respect, this passage from *Kerly* neatly encapsulate the law.
47. The point raised by Mr Speck is based upon the fact that databases record that a band or person called Liberty appears to have issued two records in 1986 or in 1987, and that a band or person using that name issued some records under that name in 1996. That is the totality of the evidence. Nothing is known about either performer or the records. There is no information as to the size of sales (assuming any were sold). There is no indication that the performers ever gave live performances, whether they ever featured in the press, whether they were interviewed on television or radio, or whether the records were ever given air time. It was not suggested or put to any witness that in the spring of 2001 anyone knew or remembered either of them. They are simply unexplained footprints in time. This material goes no way towards defeating the claimants' claim.
48. The only other major point in this case relates to damage. Mr Speck says that there can be no damage. Even though the two groups have the same names and confusion is inevitable, none of the remaining fans of Liberty 1 could possibly buy a record produced by Liberty 2. Liberty 1 is an all male band. Liberty 2 is a mixed and the nature of the music is different. Liberty 1's music is forceful and perhaps darker; Liberty's 2 is altogether softer and lighter. In my view this argument misses the point. Popular music is frequently praised and criticised by word of mouth. Any public success or failure of Liberty 2 may be thought to be a success or failure of Liberty 1. I accept the claimants' argument or prediction that the publicity surrounding Liberty 2 will swamp the reputation of Liberty 1. A record label interested in funk music may well be unwilling to sign a band whose name is associated with another, less hard-edged style of music which appeals to a different and perhaps much younger audience. I have little doubt that continued use of the name Liberty alone by the defendants will effectively destroy such goodwill as the claimants have. In this respect the situation here is not dissimilar to that described by vice Chancellor Pennycuik in *Ad-Lib* at page 677 lines 34 to 37 of the report. For these reasons, I have come to the conclusion that the claimants succeed in this action.
49. I am very sorry that it has come to this. Liberty 2 learned of the existence of Liberty 1 at a fairly early stage and well before they had issued their first record. They took the view that Liberty 1 had no legal right to stop them using the name Liberty. I do not criticise them for coming to that decision. The claimants' is not the strongest case of passing-off. I do not criticise Liberty 2's motives. As far as I am concerned, they acted properly and without intention to inflict any damage on Liberty 1. Nevertheless, carrying on with use of the name once they had learned of the existence of Liberty 1 involved taking a risk. This problem could have been avoided if a different name or a sufficiently modified version of the word 'Liberty' had been adopted then.
50. I shall hear counsel on relief. I hope and trust that suggestions are made which will allow these two groups to unlock their antlers without causing too much or unnecessary inconvenience to either side.