

The Other Side Of Eden
by
Jonathan Ball

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IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 11 April 2001

B e f o r e :

THE HONOURABLE MR JUSTICE LADDIE

BETWEEN:

JONATHAN BALL
Claimant

- and -

1. THE EDEN PROJECT LIMITED
2. THE EDEN TRUST (represented by Sir Ronnie Hampel)
Defendants

AND BETWEEN:

1. THE EDEN PROJECT LIMITED
2. THE EDEN TRUST
Claimants

- and -

1. JONATHAN BALL
2. MCDERMOTT, WILL & EMERY (a firm)
Defendants

Mr David Oliver QC and Mr Jonathan Turner (instructed by Druces & Attlee for the The Eden Project Limited and The Eden Trust)
Mr Pushpinder Saini (instructed by Mcdermott, Will & Emery for Mr Ball)

Mr Justice Laddie

1. The application before the court, an application for summary

judgment on the defendants' counterclaim, arises out of a dispute concerning the development of a major visitor attraction and research centre at Boldeva, St Austell, Cornwall, called The Eden Project ("the Project"). This takes the form of a number of immense conservatories (called "biomes"), the largest in the world, erected over a disused quarry. Inside flora from different parts of the world are kept, grow and thrive in a number of discrete controlled environments. The reason for calling this "The Eden Project" is apparent. This attraction opened its doors fully to visitors on 17 March of this year. So far, notwithstanding the general depression of the tourist industry in the country due to the outbreak of foot and mouth disease, there have been very large numbers of visitors. The Eden Project is already a major venture and promises to become much larger.

2. Although there is some dispute as to the details of the origins of the Project, the following history is, I believe, not contentious and is sufficient for the purposes of this application. The idea for a major structure containing controlled environments emulating primary habitats of the world appears to have been generated in 1994. Two of the major early contributors to it were Mr Jonathan Ball, the claimant in this action, who is an architect and Mr Tim Smit, a man with a considerable horticultural track record. For present purposes they can be regarded as the co-founders of the Project, although, as time went on they were joined by others. In or about July 1995, it was decided that the Project should be known as "The Eden Project", a name probably coined by Mr Smit. The Project has had that name ever since. In the meantime, by the beginning of 1995, Mr Smit and Mr Ball had decided that the Project should be run by a charitable trust. That was to bear the name " The Eden Trust" ("the Trust"). It was formally constituted in January 1996 under that name. There were 5 trustees. It is the second defendant in these proceedings. It was decided that the Project should be operated by the Trust through an operating company. An off the shelf company was purchased in November 1996. Its name was to be Eden Project Limited ("EPL"), although this change was not effected until June 1997. EPL is the first defendant to these proceedings. On 2 December 1996, Mr Smit and Mr Ball were appointed directors of EPL.

3. In May 1997 the Millennium Commission agreed in principle to fund 50% of the then proposed budget of £74.3 million, on condition that matching funds were obtained from elsewhere and that an acceptable business plan was submitted. Unfortunately, by early 1997, relationships within EPL were strained. Mr Ball did not think that his past contributions had been recognised sufficiently and he thought that others were trying to take his ' birthright' away from him. He also thought Mr Smit was getting preferential treatment. The Defendants and Mr Smit deny this. Whatever the true position, Mr Ball thought that he had been assured that he would be appointed the Chief Executive Officer of EPL. However at a meeting

on 16 September 1997 at which the trustees of the Trust, Mr Smit, Mr Ball and others were present, Ms Evelyn Thurlby was selected to fill that post. She acted de facto as the CEO from that time although she was not formally appointed until 1 October 1997. From that time, Mr. Ball's executive responsibilities were much reduced. Mr. Ball was clearly unhappy with this turn of events and with the failure, as he saw it, of EPL to offer him sufficient compensation for the work he had put into the project. Some two weeks later, on 15 October 1997, he applied to register the name "The Eden Project" as a trade mark in his own name under No 2147898 in respect of a wide range of goods and services. It is not in dispute that that was done without the consent or the prior knowledge of the Trustees or EPL. Shortly after making the application, Mr Ball told Sir Alcon Copisarow, Chairman of Trustees of the Trust and of EPL, that he had done so. No objection was expressed. The defendants say that this was because they hoped that this, like other areas of friction, could be resolved by negotiation.

4. Following the meeting of 16th September 1997 the project was in fact carried on through EPL, which made all of the necessary commercial and operational arrangements to turn it into a reality. These included making contractual arrangements with private and public sector sponsors to obtain the funds required to match those being offered by the Millennium Commission, making the contractual arrangements with the constructor; acquiring a nursery (now called "The Eden Project Nursery at Watering Lane"), building a team of horticulturalists, propagating many of the plants at the nursery and acquiring others from around the world; developing partnerships with academic institutions and non-governmental organisations, including Reading University, Plymouth University and Exeter University; setting up a marketing team which established links with major tourism organisations such as The Cornwall Tourist Board, Westcountry Tourist Board, British Tourist Authority, The English Tourism Council and The Great Gardens of Cornwall and appointing and training staff capable of overseeing the construction and management of the site and operating the centre when it opened to the public.

5. EPL has taken other steps to ensure that The Eden Project has wide publicity. The Visitors Centre was open from May 2000 to 7th January 2001 to allow the public to view progress in the construction of the greenhouses. There were more than 500,000 visits during this stage. The name "Eden Project" has been used on the signage and the leaflets provided to visitors. The Project has also received extensive publicity, including articles in the UK national newspapers and in newspapers around the world, very regular coverage in the local press in Cornwall and Devon, and numerous pieces in the local press elsewhere in the UK, publications for gardeners and other specialist publications. The project has been mentioned on BBC, ITN and Channel 4 news and BBC Newsround, and featured on Blue Peter, Gardeners' World, Carlton'

;s West Country programme and BBC's Children in Need. It has also been discussed on Radio 1, Radio 2, Radio 4 and Radio 5 Live. The media coverage has invariably referred to the project as "The Eden Project". The Project was featured on some 75 million postage stamps issued in August 2000. It also has its own website at www.edenproject.com since 1998 which has received over 2 million visits.

6. As I have said, since at least 1997, relationships within EPL and between Mr Ball and Mr Smit have been strained. It is not in dispute for the purpose of this application that it is unlikely that the Project would have got off the ground without the dedication and hard work of Mr Smit and Mr Ball. At all times it was in their contemplation and in the contemplation of EPL that they would be compensated for their efforts. At an early stage, and certainly before Mr Ball registered the trade marks in his own name, it had been contemplated that Mr Smit's and Mr Ball's compensation might be safeguarded by putting in place an arrangement in which they would own all intellectual property rights in the Project and they would receive royalties from EPL for its exploitation of them. For example, on 23 April 1997 a meeting of the trustees of the Trust resolved in principle to grant Mr Ball and Mr Smit a right of first refusal for exploitation of the name "The Eden Project" ; by way of licence on terms to be agreed, subject to the approval of the Charity Commissioners, the Millennium Commission and the solicitors to the Trust. However this was not put into effect because of objections from the Millennium Commission and the European Regional Development Fund. The latter was to provide a major part of the matching funds. It was after the failure to put in place an arrangement which met his expectations that Mr. Ball decided to register the trade mark in his own name. Although Mr Ball states that this was done so as to protect his and Mr Smit's joint interest in the mark, the application and subsequent registration was in Mr Ball's name alone. Mr Smit was not consulted in advance, nor is it suggested that he ever approved of this unilateral act.

7. From October 1997 onwards, further attempts were made to come to an agreement by which EPL could compensate Mr Smit and Mr Ball for all the work they had put into getting the Project up and running. Inevitably there were difficulties in agreeing fair and reasonable compensation. Eventually an agreement was entered into under which Mr Ball was paid a further £233,480.53 (he had already been paid £43,000). However this was not in full and final settlement of all Mr Ball's claims. In particular, it was without prejudice to Mr Ball's claims in respect of what were called "birthright/ intellectual property rights".

8. Mr Ball was removed as a director of EPL on 5 June 2000 by assent of the members.

9. On 30 October 2000 the present proceedings were commenced. By

it, Mr Ball seeks what he considers to be proper compensation for the work he has put into developing the Project. Insofar as material, the relief sought is expressed as follows:

Quantum Meruit

(a) An Order that the Claimant is paid such compensation to be assessed for his right in the Project including the giving up of his rights to Founders or other shares, and for his time and disbursements which he has incurred and to compensate him for the effort and skill which he brought to the Eden Project and its successful funding and realisation;

And that all such sums found due are paid forthwith to the Claimant.

10. There is no claim for any injunction to restrain the defendants from infringing Mr Ball's rights obtained by registration of the trade mark, nor for passing off. Furthermore paragraph 39 of the Particulars of Claim reads as follows:

For the avoidance of doubt the Claimant remains ready and willing to assign the Registered Trademark the Eden Project all of his other Intellectual Property Rights (sic) in the Project to the Defendants upon payment of all sums found due.

11. As worded, it might appear that this is suggesting that the registered trade mark is being retained as some form of security pending the determination by the court of the sums due Mr Ball and the payment of them by the defendants. Once that has happened, it will be transferred to the defendants. However, this is not what the Claimant intends. He says the following in his first witness statement:

125. The trade mark rights and the other intellectual property rights in The Eden Project are mine. They were never vested in the Defendants. An agreement should have been reached between me and the Defendants as to how those rights were to be vested. An agreement should also have been reached between me and the Defendants as to how I was to be rewarded for my risk and work in developing those rights, to the stage where a £100 million project could be successfully built. Instead, I have been left to sue for monies fairly due to me.

126. "The Eden Project" trade mark does not belong to the Defendants and it never has. They have used it (and continue to use it) because everyone involved in The Eden Project thought that an agreement, would be reached with me to enable the trade mark to be used. I am waiting for a fair offer, and I am fighting this action because if the Defendants cannot make a fair offer the Court can require that I be properly and fairly rewarded for my seminal

contribution to this key Millennium Project.

127. Until then, the Defendants are not entitled to my trade mark rights, and this application should never have been brought, as the Defendants (and more particularly their solicitors) know. Provided I am paid an amount which is fair and reflects my contribution to The Eden Project, and payment is not further delayed, I will enable the Defendants to continue to run the biomes at the Bodelva site (which is currently trading as The Eden Project).

12. Mr Saini made his client's position clear during submissions. His view is that the registered trade mark belongs to him (or at least to him and Mr Smit jointly). He is under no obligation to transfer it to the defendants. Even if the court were to decide upon a fair value for it (assuming it was his property), he could decline to accept that valuation. He could, in other words, ask whatever price he liked for the rights and he could, entirely at his own discretion, refuse to sell them. If he decided not to sell them, he could use them to prevent the defendants from continuing to use the mark in relation to this venture, hence the cryptic reference to Mr Ball being prepared to "enable the Defendants to continue to run the biomes at the Bodelva site (which is currently trading as The Eden Project)" [my emphasis] in the above extract from his witness statement. This is not an idle threat. Already Mr Ball has asserted his rights in the registration to one third party who is in negotiations with the defendants to produce books for them bearing the words "The Eden Project". The latter action has resulted in the defendants asserting in their counterclaim that Mr Ball has issued an actionable threat contrary to s 21 of the Trade Marks Act, 1994.

13. However it is not this part of the counterclaim which is the subject of the current application for summary judgment. The defendants also counterclaim for an order that Mr Ball should assign the registered trade mark to EPL and that the Register of Trade Marks be rectified to record that ownership. It is that claim which is the subject of this application. Mr Oliver QC on behalf of the defendants says that there can be no doubt that his clients will succeed on this issue and there are compelling reasons why an order in their favour should be made now. In particular, the whole future of the Project, or at least the name under which it is trading and has been advertised to millions, is now in doubt. This is putting further development of the Project at risk. I have no doubt that there are pressing reasons for a rapid resolution of this issue. The question, however, is not whether it is urgent but whether at this stage it is so clear that the defendants will succeed on this issue that it need not be left to the trial to be considered together with Mr Ball's other claims for compensation.

The defendants put their case in two ways. First they say that the name "The Eden Project" has at all times been used to refer

exclusively to the Project now carried on by EPL. To a large number of people this name means the EPL venture and none other. It says:

45 The project was initially carried on by an unincorporated association of persons including the Claimant and then by the Trustees of the Eden Trust in conjunction with such association. Following the meeting of 16th September 1997, and with the agreement of the Claimant, the First Defendant assumed responsibility for, and thereafter carried on, the operation of the Project. Accordingly, all goodwill and trade mark rights in the name "The Eden Project" belong to the First Defendant. (Counterclaim)

14. Relying on cases such as *Star Industrial v Yap Kwee Kor* [1976] FSR 256 (PC), the defendants say that the goodwill in a business cannot be detached from the business itself. Therefore, when the business of the Project was transferred by, inter alia, Mr Ball to EPL, the goodwill must have gone with it. The trademark is the legal manifestation or protection for the goodwill and must be owned by EPL also.

15. The second way the defendants put their case is as follows:

46 As a director of the First Defendant at all relevant times, the Claimant owed it a fiduciary duty to further its interests and not, without its fully informed consent, to enter into any transaction in which his own interest conflicted with such duty.

47. The Claimant's application to register the trade mark "The Eden Project" in his own name on 15th October 1997 was made without the First Defendant's knowledge or consent. Further, the said application was a transaction in which the Claimant's own interest conflicted with his duty to further the First Defendant's interest, since (as the Claimant knew) the First Defendant was intending to operate its only undertaking under the said mark and the said mark was in essence its own name. The said application was made in breach of the Claimant's fiduciary duty and any right or entitlement obtained thereby in the registered trade mark no. 2147898 is held by the Claimant on trust for the First Defendant.

16. I do not understand Mr Saini to dispute paragraph 46, nor the first sentence of paragraph 47. However he disputes that Mr Ball has breached his duties to EPL in any way. He says that both Mr Ball and Mr Smit have rights in the name "The Eden Project" acquired by reason of the efforts they put into getting the Project off the ground in the period from 1994 to early 1997. The goodwill generated by that use is theirs jointly and they have the right to control its future exploitation. They have to be bought off by the defendants, whether or not they are directors of EPL. I should make it clear that although Mr Ball says he has joint rights with Mr Smit, Mr Smit does not assert any interest in the name. He is

happy to consent to it being the property of EPL, whatever his strict legal rights may be. Since Mr Smit is currently the Chief Executive of EPL and is gainfully employed on the Project, it may be said that he has less need than Mr Ball to assert a proprietary interest.

17. It will be convenient to consider the fiduciary duty argument first. In my view, the issues raised by this are not, primarily, issue of trade mark law. Nevertheless, it is convenient to have in mind some principles of trade mark law so as to better understand what is at issue.

18. Both parties have addressed the issue of who owns the common law rights in the reputation in the words "The Eden Project". This is particularly important to the first way in which the defendants put their counterclaim. However I think that there is a risk of some confusion being caused by rolling the common law rights together with the statutory rights obtained by registration.

19. When a trader uses and exploits a trade mark, whether registered or not, he may acquire a goodwill in it. Whether that is so or not depends upon the extent and nature of the use. If goodwill is acquired, it can be protected by proceedings at common law for passing off brought against anyone else who uses the same or a similar mark in circumstances which could lead members of the public to be confused. The full requirements for a successful cause of action in passing off are set out in *Warnink BV v J Townend & Sons* [1980] RPC 31. It is not necessary to set them out here. Assuming that Mr Ball had acquired such rights in the name "The Eden Project" by the time that EPL took over the Project in August 1997, he could have asserted them against anyone using the same or a similar name thereafter. If EPL had used the name without his permission, he could have sued to restrain it from doing so. If, on the other hand, he licensed EPL to use the name or he acquiesced in it so doing, he either would have no cause of action or would have lost it. In fact Mr Ball is not suing EPL for passing off nor has he threatened to do so. He is not asserting EPL has misused the reputation which existed in the name and to which he claims to be entitled as of August 1997. There is little doubt that EPL operated the Project under the name "The Eden Project" with the full knowledge of Mr Ball, not least because he was party to the decisions that it should do so and, of course, he was at all material times a director of that company.

20. Although they exhibit features in common, there are differences between rights in passing off and registered trade marks. A registered trade mark is a statutory right. It is enforceable even against a competitor who is causing no confusion in the market place. The scope of the rights given are defined by s 10 the 1994 Act. Many trade marks are applied for successfully even though, at the date of application, they have never been used. A non-used

mark can remain validly registered for up to 5 years. The value of a registered mark does not stay static. It is well known that the more a registered mark is used, the greater is its value and the greater the price which can be demanded for it on a sale. Furthermore, if a registered mark is used extensively enough it may become a famous mark. If that happens, then the scope of protection afforded to it under the Act is expanded (see s 10(3)). Once again this enhances its value. The use of a registered trade mark therefore increases its value to its owner.

21. Against that background, I can now consider the arguments concerning Mr Ball's obligations as a director of EPL. As Mr Oliver puts it, a director of a company must act bona fide in interests of and for the benefit of the company. I do not understand Mr Saini to dispute this. Mr Oliver reminds me of how the principle was stated by Viscount Sankey in *Regal (Hastings) Ltd v Gulliver* [1967] 2 AC 134:

In my view, the respondents were in a fiduciary position and their liability to account does not depend upon proof of mala fides. The general rule of equity is that no one who has duties of a fiduciary nature to perform is allowed to enter into engagements in which he has or can have a personal interest conflicting with the interests of those whom he is bound to protect. If he holds any property so acquired as trustee, he is bound to account for it to his cestui que trust. (p 137)

Later, he pointed out that the directors there:

□ framed resolutions by which they made profits for themselves. They sought no authority from the company to do so, and, by reason of their position and actions, they made large profits for which, in my view, they are liable to account to the company. (p 139)

22. Mr Oliver says that the same principles and the same conclusions apply here. The same approach is set out in *Snell's Equity* (30th ed):

With certain exceptions, neither directly nor indirectly may a trustee make a profit from his trust. This rule is part of the wider principle that in order to protect a trustee against 'the fallibility of human nature' he may not put himself in a position where his duty and his interest may conflict, or where he may be able to take advantage of knowledge of the property (e.g. as to valuable minerals under the land) which he acquired while trustee. 'There are canons of the Court of equity which have their foundation, not in the actual commission of fraud, but in the hallowed orison, "lead us not into temptation".'

23. It is not in dispute, and Mr Ball knew, that, whatever the position had been before, as of August 1997 the intention was

that all efforts to realise the Project would be made and paid for by and funnelled through EPL. "The Eden Project" would be used extensively by it and, for that reason, its corporate title contained the words "Eden Project". As to the future, goodwill in the name "The Eden Project" would be generated by and on behalf of EPL. Its business would become ever more tied to the fame acquired by those words.

24. As his particulars of claim assert, when Mr Ball applied to register the trade mark, he did that "for his benefit". It was not for the benefit of EPL. On the contrary, as Mr Saini accepts, the registration of the mark allowed Mr Ball to hold EPL to ransom as to the future use of its own name and its trading activity. As he also agrees, it was for Mr Ball's benefit to allow EPL to go on trading under and by reference to the name "The Eden Project", because the price he could demand would rise the more extensive and successful that trade was. By the registration, Mr Ball would be able to take control and the benefit of all that reputation generated by EPL's, not his, endeavours. The mark was a fundamental part of EPL's business. If it had been registered in its name, it would have benefited not only by virtue of the reputation which would have attached to it by EPL's extensive use and promotion of it, but, as mentioned above, it is likely that it would eventually become a famous mark protected by s. 10(3) of the Act. To the extent that the registration is retained by Mr Ball, EPL is effectively deprived of this opportunity to benefit from the goodwill generated by its own efforts and, instead, its efforts are for the benefit of Mr Ball personally.

25. I have come to the conclusion that, in registering the mark in his own name and for his own benefit, Mr Ball was in clear breach of his fiduciary duty to EPL. Whatever he may have thought EPL owed him for past endeavours could not justify his actions in taking steps to put at risk his own company's trading future for his own benefit. To adopt the word of Viscount Sankey, his application for and prosecution of the trade mark registration was for his personal interest and conflicted with the interests of the company he was bound to protect. This conclusion is not dependent on any factual issue on which there is a dispute between the parties. I have come to the conclusion that for this reason the defendants are bound to win on this part of their counterclaim and that they are entitled to the relief they seek on this application.

26. In these circumstances it is not necessary to consider the Defendants' alternative way of putting their case. However there are three subsidiary points which deserve mention.

27. First, nothing that I have said here should be taken in any way as reflecting on the strength or otherwise of Mr Ball's claim for compensation for past work from which EPL now takes the benefit or the sufficiency or otherwise of the £276,480.53 he has already

received. These are matters which will have to be considered at the trial.

28. Second, I should mention that in coming to the conclusion that the defendants win on this application, I have assumed that Mr Ball is entitled to claim that any goodwill in the words "The Eden Project" generated before August 1997 is owned, at least in part, by him as a result of the work he did in creating and nurturing the Project. However I should mention that Mr Saini said that his client's claim for compensation on the basis of a quantum meruit was a restitutionary claim. He agreed with Mr Oliver's formulation that the claim proceeded on the basis that all the pre-August 1997 work done by Mr Ball was to be treated as if done for and on behalf of EPL and would have to be paid for accordingly. If this is right, then it seems to me that it is strongly arguable that the goodwill generated by that work was created for and on behalf of EPL as well and Mr Ball can not both claim compensation on a quantum meruit and assert the right to retain the goodwill.

29. Third, I should make it clear that Mr Saini expressly confirmed that his client did not assert that EPL had consented to or ratified his registration of the trade mark in his own name.

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