

ENGLAND AND WALES / JUDGMENT

NoCopyrightSounds Limited v AEI Music Limited & Anor

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Neutral Citation Number: [2026] EWHC 198 (Ch) IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES INTELLECTUAL PROPERTY LIST (ChD) Case No: IL-2025-000220 Royal Courts of Justice, Rolls Building Fetter Lane, London, EC4A 1NL Date: 06/02/2026 Before : HIS HONOUR JUDGE JARMAN KC sitting as a judge of the High Court Between : NOCOPYRIGHTSOUNDS LIMITED Claimant / Applicant

- and -

(1) AEI MUSIC LIMITED

(2) FEATHERSTONE MUSIC LIMITED Defendants / Respondents

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- ----- Mr Ian Mill KC and Mr Tom Cleaver (instructed by Simkins LLP) for the Claimant/Applicant Mr Andrew de Mestre and Mr James Knott (instructed by Keystone Law) for the Defendants/Respondents Hearing date: 21 January 2026

- ----- Approved Judgment This judgment was handed down remotely at 10.30am on 6 February 2026 by circulation to the parties or their representatives by e-mail and by release to the National Archives. HIS HONOUR JUDGE JARMAN KC
HIS HONOUR JUDGE JARMAN KC Approved Judgment HHJ JARMAN KC:
NoCopyrightSounds Ltd v AEI Music Ltd & Anor 1. 2. 3. 4. 5. The claimant (NCS) applied for an interim injunction restraining the defendants (AEI and FM), until the trial or further order, from exploiting the intellectual property rights held by NCS, and requiring AEI to take positive steps to allow NCS to exploit those rights. Having heard the application, I indicated that I would grant the order in the terms which the parties had by then agreed, and would give my reasons in writing in due course. These are my reasons. The rights in question are over catalogues of sound and audio-visual recordings and musical compositions. The parties have entered into various agreements since 2014 whereby AEI and FM were authorised to exploit those rights and were to account to NCS for the proceeds, retaining a percentage for themselves as payment for their services. It is not in dispute that AEI owes NCS very substantial sums which have built up over years, although it has pleaded a counterclaim and associated set off, and that it cannot immediately pay. In May 2025 it confirmed that it owed £4.1 million and couldn't pay more than £250,000 without putting its business at risk. It later

confirmed that such a sum was more than half of its total available funds. In September 2025 it said that if required to pay the debt it would go into insolvent liquidation. NCS says it has exercised its right to terminate its agreements with AEI on the grounds of unremedied material breach, or in the alternative, pursuant to rights of termination not dependent upon breach. It says that it has given notice to FM of the termination of the publishing agreement between them. It is not in dispute that the contractual relationship between the parties will in any event expire, on the basis of notice with AEI and FM accept as being valid, by the end of July 2026, so accordingly the injunction granted will bite until that time. It is also accepted by AEI and FM that there are serious issues to be tried, namely whether the notices have terminated the contractual relationship as NCS says, or whether that relationship will not end until July 2026 as AEI and FM say, and whether AEI has committed a material breach. AEI and FM submitted that damages will be an adequate remedy for NCS, and that the balance of convenience lies in favour of not granting an injunction. For the reasons given below I did not accept those submissions. NCS went further however. Mr Mill KC and Mr Cleaver on its behalf submitted that AEI and FM have no arguable defence and the injunction should be granted on that basis. I will deal with this submission first. In *Manchester Corp v Connolly* [1970] Ch 420 the Court of Appeal considered whether to grant possession of land on an interim basis. Lord Diplock at pages 425-6 said this: “If there were any arguable defence to the plaintiffs' claim it would be necessary to consider the balance of convenience as between the hazard to health of the public which is involved in the defendants' remaining there and the hardship to the defendants involved if they are compelled to move. But if there is no possible defence to the action I agree with the Vice-Chancellor that it is a misuse of the process of the court to withhold from the plaintiffs a remedy, to which they are clearly entitled, while the normal stages preparatory to the trial of a genuinely contested action are being gone through with the HIS HONOUR JUDGE JARMAN KC Approved Judgment *NoCopyrightSounds Ltd v AEI Music Ltd & Anor* inevitable delay. Since delay in eviction from the site is what is really sought by the defendants, to do so would be to give to wrongdoers the fruit of their wrongdoing, although judgment in the action would inevitably ultimately be given against them.” 6. In *Patel v Smith Ltd* [1987] 1 WLR 853, the Court of Appeal granted an interim injunction to a landlord, whose title was not in dispute, to stop trespassers parking on the land. In *Official Custodian for Charities v Mackey* [1985] Ch 168, Scott J, as he then was, considered an interim application for relief after the Court of Appeal had established the rights of the plaintiff but there was a pending application for permission to appeal to the House of Lords. Scott J said this: “In these circumstances, I was invited by Mr. Nugee to apply the principles of *American Cyanamid Co. v. Ethicon Ltd.*

- [1975] A. C. 396 . He submitted that I should consider the balance of convenience and that that balance came down strongly in favour of maintaining the status quo under which the first and second defendants are collecting the rents of the property and managing it. I do not, however, think that this is a case to which the Cyanamid principles can be applied. Those principles are not, in my view, applicable to a case where there is no arguable defence to the plaintiffs' claim.”
7. Mr de Mestre KC and Mr Knott for AEI and FM, submitted that the principle should be confined to the situation which obtained in that case, namely where the rights in question had already been pronounced upon by the court. In my judgment, the principles set out above are not so limited, although of course a previous pronouncement of the rights in question may be an important factor. As a matter of principle, I cannot see why a claimant who faces no arguable defence should wait until trial and inevitable vindication and should be not be awarded interim relief to enforce their rights in the meantime. The question in the present case is whether there is an arguable defence. 8. 9. AEI's defence centres around heads of agreement which it signed with NCS in July 2017 whereby its then existing distribution and licensing agreements with NCS would be replaced by a long-form operating agreement which was to be the subject of good faith negotiations. Those negotiations took place and a draft was prepared but not executed. AEI submitted that the heads of agreement itself took effect as a freestanding grant of rights that discharged all previous agreements, and that it contained no provision for termination for material breach. AEI also relied on remarks allegedly made by a director of NCS that he was not expecting all of the AEI debt to be paid immediately, and submitted that this provided AEI with a reasonable time to make payment so that there was no breach when the relevant notice was served. FM also relies on the heads of agreement, even though it was not a party to it, to replace its previous publishing agreement with NCS which expired in 2020. The parties thereafter continued to exploit NCS's rights with their consent, until NCS gave 60 days' notice of termination on 25 July 2025. FM submitted that the notice of termination was not valid under the heads of agreement or that that period of notice was not reasonable. The parent company of both AEI and FM is AEI Ventures Ltd (AIEV) (formerly known as Dico Holdings Ltd), and both are part of the AEI group. HIS HONOUR JUDGE JARMAN KC Approved Judgment NoCopyrightSounds Ltd v AEI Music Ltd & Anor
10. NCS submitted that reliance on the heads of agreement is inconsistent with its plain wording, makes no commercial sense and is inconsistent with how the parties conducted themselves before and after that agreement. It was signed by or on behalf of NCS, two shareholders in NCS, namely Mr Woodford and Mr Best, AEI and AEIV. The preamble included this: “It is intended that the terms of this agreement (“HOA”) will be incorporated in long form agreements (“Long Form Agreements”), which expression shall include the IP Assignment, the Shareholders Agreement and the Operating Agreement, all as defined below). The Long Form Agreements shall be the subject of good faith negotiations between us. Until execution of the Long Form Agreements, the terms in this HOA shall represent a valid and binding contract between us.” 11. It went on to provide that Mr Woodford would

transfer a 25% shareholding in NCS to AEIV, and dealt with shareholders' rights to appoint directors. As indicated above, it was also expressed that the parties intended to incorporate its terms in long form agreements.

12. Clause 2 set out key terms including a termination notice procedure and a split of income from merchandise. It also provided: "2. All Branded Assets will be licensed exclusively by [NCS] to AEI under an operating licence ("Operating Agreement") which shall replace the existing distribution Agreement and catalogue licencing agreements. The Operating Agreement shall subsist for an initial term of 5 years, with rolling yearly auto-renewals thereafter (subject to a termination notice procedure). Under the terms of the Operating Agreement: 2.1 income attributable to the Business ("Brand Revenue") will be split as follows:
 - Digital Distribution services (e.g. dissemination to Spotify, etc.): 80/20 split of net receipts in [NCS's] favour
 - Branded Compilations - 50/50 split of net receipts
 - Publishing administration - 80/20 split of net receipts in [NCS's] favour
 - YouTube distribution and channel management — 80/20 split of net receipts in [NCS's] favour
 - Advertising, Endorsements, Merchandise, Publishing and Sponsorship - splits as per the attached draft
 - third party licensing of individual tracks on a track by track basis - 80/20 split of net receipts in [NCS's] favour
 - other income splits shall be agreed on a case-by-case basis HIS HONOUR JUDGE JARMAN KC Approved Judgment NoCopyrightSounds Ltd v AEI Music Ltd & Anor to be accounted by AEI to [NCS] quarterly + 60 days save for YouTube revenue which is monthly + 45 days. 2.2 AEI will provide the following services:
 - a) office space for up to 5 persons in AEI's London office
 - b) general business advice and support
 - c) access to web design, development, and hosting facilities
 - d) assistance with royalty accountings to [NCS's] artists 2.4 AEI shall be entitled recharge [NCS] for expenses incurred by AEI in accordance with a mutually agreed budget on mutually agreed projects."
13. NCS submitted that that plain language is inconsistent with AEI's case that the intention was that the Operating Agreement was contained in clause 2. This depends on the objective meaning of the language which the parties chose to express their agreement, see for example Wood v Capita [2017] UKSC 24, [2017] AC 1173 per Lord Hodge at [10]. Moreover, NCS submitted, it made no commercial sense for the parties to agree that NCS should have

no right to terminate the grant of its rights on the grounds of material breach. Such a right was given in all previous agreements and in the draft Operating Agreement subsequently negotiated. Clause 2, cited above, said that the agreement was to be subject to a termination notice procedure.

14. NCS further submitted that the cases of AEI and FM are inconsistent with the parties' conduct in several ways. This includes the subsequent drafting of the Operating Agreement which would have been pointless and a waste of time and money if the heads of agreement had the effect which they contend for. Moreover, AEI has not acted in accordance with that agreement, which required it to account for royalties quarterly plus 60 days, but has continued to account on a twice yearly basis as provided by the previous distribution agreement, which AEI's royalty statements refer to. FM continued to engage in using NCS's music publishing catalogue, even though it is was not a party to the heads of agreement. In 2019 the parties also entered into an agreement covering merchandising rights which would have been unnecessary if this was already provided for in the heads of agreement.
15. As for AEI's case on the alleged representations as to its unpaid debt, NCS pointed to a letter written by AEI to NCS two days after the first alleged representation acknowledging the debt and saying that AEI would set out a clear plan with amounts and timescales when AEI would repay the balance and would report back with further details and further proposals, within a reasonable timescale. No such plan was forthcoming.
16. AEI and FM accepted that the contractual position between the parties is "messy." The publishing agreement with FM which terminated in 2020 was by way of an assignment rather than licence. NCS relies on conduct thereafter, but on the basis of a licence with an implied term allowing termination on reasonable notice, so that is a different contractual basis to that which previously obtained. Between 2014 and 2017 the parties HIS HONOUR JUDGE JARMAN KC Approved Judgment NoCopyrightSounds Ltd v AEI Music Ltd & Anor signed agreements in apparent ignorance of what had previously been agreed and without thought as to how they fitted together. Some agreements were entered into during the currency of a previous one without providing for its termination.
17. AEI and FM further submitted that the heads of agreement comprised a package of provisions relating to shareholding, licensing and revenue. Although it was not signed on behalf of FM, its shareholders were present at the meeting when it was agreed. In clause 2 it was provided that AEI would provide office space, support and access, which it did then provide. NCS's submission that this was voluntary in anticipation of the long form agreement clearly gives rise to a dispute of fact. Clause 3 provided for a dividend waiver in respect of AIEV whilst the Operating Agreement was in force and this waiver was put into effect. Text messages to Mr Woodford in March 2020 and an email to the accountants of NCS and of Mr Woodford refer to the dividend waiver being in effect. Moreover in minutes of an NCS board meeting in April 2023 a copy of the heads of agreement was produced and it was noted that clause 3 remained in effect. Mr Woodford denies seeing those minutes although his own solicitors list this document in their letter before action. I note that there were

previous dividend waiver agreements.

18. AEI and FM relied on a decision of the Supreme Court in *RTS Flexible Systems Ltd v Molkerei Alois Muller GmbH & Co KG* (UK Production) [2010]1WLR 753. The High Court found that the contractual position of the parties was governed by a new contract signed after a letter of intent had expired and that the new contract applied retrospectively but excluding certain conditions. On appeal to the Court of Appeal it was held that no contract had been concluded. The Supreme Court allowed a further appeal and found that the unequivocal conduct of the parties showed that they had made a binding agreement to waive a previous subject to contract provision and to proceed on terms agreed which the parties regarded as essential and included the terms excluded by the High Court.
19. AEI and FM submitted that that this demonstrates how different courts may regard contractual relationships differently, and that it is not appropriate for this court to conduct a mini trial of the contractual issues in the case even before disclosure has been completed.
20. As strong as the case of NCS may be on the relevant contractual terms as to termination, I have come to the conclusion that it falls short of showing that there is no arguable defence to that case. In my judgment it is not appropriate for this court to decide these issues in a mini trial without disclosure and evidence. AEI and FM rely on alternative defences such as novation or estoppel, but in light of that conclusion I do not deal with these alternatives.
21. Accordingly in my judgment the principles applicable to the application are those summarised by Lord Hoffman in *National Commercial Bank Jamaica Ltd v Olint Corporation Ltd* [2009] 1 WLR 1405 at [16]: “16. It is often said that the purpose of an interlocutory injunction is to preserve the status quo, but it is of course impossible to stop the world pending trial. The court may order a defendant to do something or not to do something else, but such restrictions on the defendants freedom of action will have HIS HONOUR JUDGE JARMAN KC Approved Judgment *NoCopyrightSounds Ltd v AEI Music Ltd & Anor* consequences, for him and for others, which a court has to take into account. The purpose of such an injunction is to improve the chances of the court being able to do justice after a determination of the merits at the trial. At the interlocutory stage, the court must therefore assess whether granting or withholding an injunction is more likely to produce a just result. As the House of Lords pointed out in *American Cyanamid Co v Ethicon Ltd* [1975]AC396, that means that if damages will be an adequate remedy for the plaintiff, there are no grounds for interference with the defendants freedom of action by the grant of an injunction. Likewise, if there is a serious issue to be tried and the plaintiff could be prejudiced by the acts or omissions of the defendant pending trial and the cross undertaking in damages would provide the defendant with an adequate remedy if it turns out that his freedom of action should not have been restrained, then an injunction should ordinarily be granted”
22. As AEI and FM accepted that there are serious issues to be tried, the next issue is whether damages would be an adequate remedy.

23. NCS submitted that its rights under the Copyright Designs and Patents Act 1988 are rights in property which should be protected whether or not damage is suffered, relying on *Phonographic Performance Ltd v Maitra* [1998] 1 WLR 870. But it has filed evidence to show that it will suffer damage which is not easily compensated financially, if no injunction were granted. The evidence shows that new or potential licensees have expressed concern about using the rights whilst the dispute between these parties continues. One such licensee has agreed with NCS's position and is currently making payments, but there is nothing to prevent that position from changing. One platform operator has suspended payments because of this dispute. NCS also relies on the poor financial position of AEI.
24. NCS submitted that the loss to AEI and FM in the next six months or so if an injunction were wrongly granted would be purely financial. Their accounting to NCS does not clearly show how much they retain from using the rights. However, looking at past payments, NCS estimates that such sum in the next six months would be in the region of £820,000. The defence pleads a potential loss of at least £500,000 in anticipated net revenue in the event that NCS is permitted to rely on its asserted rights. Even if the loss exceeds that amount, it will be far less than the sum which AEI owes to NCS. The evidence of NCS is that it has reserves of over £1.5 million. 25. In correspondence and in the skeleton argument on behalf of AEI and FM it was asserted that NCS will not be in a position to pay pursuant to a cross undertaking, but that was not pursued with any vigour in oral submissions. Instead it was pointed out that AEI had been making payments of the debt and would continue to do so if an injunction were not granted. It was also submitted that NCS's evidence as to damage is speculative, unclear and unquantified, and pointed out that shareholder funding of FM had increased from £50,000 to £500,000. 26. In my judgment damages are not likely to be an adequate remedy for NCS if an injunction were not granted and it eventually succeeds. The damage is likely to be more HIS HONOUR JUDGE JARMAN KC Approved Judgment *NoCopyrightSounds Ltd v AEI Music Ltd & Anor* than just financial and to involve the difficulties put forward in its evidence and summarised above. Even if the loss is just financial, there is on the evidence a substantial doubt about the ability of AEI and FM to pay.
27. On the other hand damages are likely to be adequate for AEI and FM if an injunction were granted and they eventually succeed. I accept that such damage is likely to be financial only and that NCS is likely to be in a position to pay either by set off or from its reserves. 28. In case I am wrong about that, I will consider the balance of convenience. It was accepted that one factor to take into account is the strength of the parties' respective cases. For the reasons advanced by NCS I consider its case to be the stronger. The respective financial positions of the parties is also a factor, as is the potential harm to NCS of a continuing dispute over use of its rights. AEI and FM submitted that the status quo, which has obtained for the last 11 years, should be allowed to continue. If they were wrongfully prevented from using the rights, they will not be able to retrieve the situation. Their rights will expire in any event in a short time so the damage will have been done. NCS will retrieve the rights in July 2026 in any event and will use them past trial. 29. In my judgment the factors relied upon by AEI and FM are outweighed by those relied upon by NCS, and the balance of convenience

falls in its favour.

30. Those are the reasons why I granted the injunction.

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Prepared on 24 October 2026 · Esheria