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Seal's manager wins case despite Judge finding that "double dipping" procured by undue influence

The recent case between Seal and his former manager, John Wadlow, provides an important case study of how the relationship between artist and manager can evolve. It also shows how many different hats a manager can have to (or can be tempted to) wear – and the perils of doing so.

The facts

Mr Wadlow and Seal first met in 1987. At that time, Seal was unknown. Mr Wadlow was running a recording studio with a partner. Mr Wadlow made studio time, instruments and musicians available to Seal free of charge. Mr Wadlow also helped Seal to produce a demo of songs Seal had written.

From 1987 to 1989, Mr Wadlow then performed "managerial services" for Seal, although Mr Wadlow had virtually no experience of managing artists. This involved trying to attract interest from record companies (without success).

In 1988, Seal (having received legal advice from a specialist lawyer) entered into a publishing agreement with Beethoven Street Music (BSM) a company set up by Mr Wadlow and his business partner. Neither Mr Wadlow nor his business partner had ever acted as a music publisher.

In 1989, Seal collaborated with Adamski on "Killer" which stayed at number one in the UK singles chart for four weeks. In July 1990, Seal signed to ZTT Records. It was only in September 1990 that Mr Wadlow entered into a written management agreement with Seal. The agreement was for an initial period of one year then continuing until terminated by either party giving 3 months' notice. Mr Wadlow was entitled to commission of 20% of Seal's earnings (including publishing income) during the term and to post-term commission in perpetuity. In 1991, BSM entered into an administration agreement with ZTT's sister company, Perfect Songs.

In 1991, Seal engaged a North American manager (this had been contemplated by the Wadlow/Seal management agreement). That arrangement did not work out so was terminated and in 1993 Seal appointed another North American manager. In 1995, Seal terminated the management agreement with Mr Wadlow via a settlement agreement. By this time, Seal had become a global superstar, having been awarded 3 Brits and 3 Grammys. Seal has sold over 15 million albums.

Seal continued to pay Mr Wadlow commission in respect of his earnings from his first and second album until the end of 2000. Seal made a further payment in 2001 but then paid no more. Mr Wadlow sued.

The Judge's decision

Seal raised many of the usual arguments that artists do in cases such as this (restraint of trade, undue influence). The Judge found that there had been undue influence in that Mr Wadlow had misused his

influence over Seal by dealing direct with Seal after Seal's lawyer had refused to agree to Mr Wadlow receiving management commission on Seal's publishing income (so called "double dipping").

Despite this, the Judge decided that Seal was obliged to continue to pay Mr Wadlow management commission in accordance with the settlement agreement. This was because Seal had entered into the settlement agreement of his own free will and with the benefit of expert legal advice. In view of this, the Judge was not prepared to allow Seal to complain about the settlement agreement. The Court of Appeal upheld the Judge's findings.

The Judge observed that Seal "has now come to feel strongly - and, I believe, genuinely - that Mr Wadlow, someone whom he once regarded as his mentor and (as he put it) a father figure, has betrayed him, in particular by "emotionally coercing" him into entering into the Settlement Agreement". By the time of the settlement agreement, Seal had been an established artist for some 6 years, was represented by experienced US management and receiving expert legal advice so it is perhaps a bit rich for Seal to suggest that Mr Wadlow was in a position to coerce him into anything.

It has been suggested that this case "finally laid to rest the troubling decision in the case of **Armatrading v Stone**" (1984, Leggatt J, unreported). What the trial judge actually decided, however, was that the provisions of the manager's contract in the **Armatrading** case were materially different from (and much more onerous than) those in Seal's case. Thus, there is every chance that the **Armatrading** case would be decided the same way as it was in 1984 if the case was being heard today.

It is interesting to speculate whether Seal would still have made it had it not been for Mr Wadlow's support. Given that Mr Wadlow had no experience of managing artists, he was seriously exposed when "Killer" became a hit. It is not uncommon for artists to unceremoniously sack the inexperienced manager at this point so Mr Wadlow did well to get a contract signed off after Seal signed to ZTT. It is always difficult for an artist to know whether to stick with the manger who has "grown up" with the artist or to bring an experienced manager on board. Many inexperienced managers learn their trade as they go and become great managers. Conversely, many successful managers can find it difficult to take an artist's career to the next level.

A more detailed analysis of the case is available upon request.

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