

IN THE SUPREME COURT JUDICATURE OF JAMAICA

CLAIM NO. 2004/HCV01976

BETWEEN BEAL INDUSTRIES LIMITED CLAIMANT
AND TRINIDAD MATCH COMPANY 1ST DEFENDANT
AND MUSSONS JAMAICA LIMITED 2ND DEFENDANT

Alexander Williams instructed by Williams, Palomino, Gordon-Palomino for the Claimant.

Sandra Minott-Phillips and Ronald Young instructed by Myers Fletcher and Gordon for the 2nd Defendant.

1st Defendant unrepresented and not served.

Heard: 8th and 10th November 2004 and 4th March 2005

Campbell, J.

The Claimant has two applications before the Court.

- (1) Seeking an Order to serve the 1st Defendant outside the jurisdiction.
- (2) Further extension of an interim injunction.

Extension of the interim injunction

Beal Industries Ltd. (Beal) seeks an extension of an interim injunction which was granted to restrain an infringement of its trademark number 42,868 by Mussons Jamaica Ltd. (Mussons), who they allege, threaten and

intend to distribute by sale in Jamaica matches under the brand name "Three Plumes" in breach of Beal's registered trademark.

In an affidavit in support of the application, John Lanigan, Managing Director of Beals states that the trademark was registered as of the 22nd August 2002.

He depones, inter alia;

4. The 1st Defendant, Trinidad Match company has for years been selling matches under the brand "Three Plumes" in other Caribbean Islands, but up until recently has never attempted to sell in Jamaica its brand of safety matches under the name "Three Plumes."
5. In early March 2004, the Claimant discovered that the 2nd Defendant imported a container of safety matches into Jamaica bearing the brand name "Three Plumes," having purchased the matches from the 1st Defendant.

Beal, through its attorneys-at-law, wrote Mussons, informing them of their registered trademark and asking them to desist from selling or distributing matches bearing the "Three Plumes" brand.

Myers, Fletcher & Gordon, on behalf of Mussons, responded in a letter dated 29th March 2004:

"My client has informed me that Trinidad Match Company (TMC) and Beal Industries Ltd. (Beal) had an arrangement in relation to sale of matches throughout the Caribbean whereby TMC would not sell matches in the Jamaican market so long as Beal did not enter any of the other Caricom markets.

For the past five years TMC has been selling matches under the brand 'Three Plumes' in Antigua, Barbados, Dominica, Grenada, Guyana, Montserrat, St. Lucia, St. Vincent and Trinidad and Tobago.

Beal broke the arrangement by commencing sales in Guyana and St. Lucia with its "Comet" brand of matches.

TMC has suspended its sale of matches in Jamaica since your letter of March 17, 2004 to Mr. Paul Burke of Mussons Jamaica Limited. However, it is unlikely that this will remain the position indefinitely."

On 16th September 2004. Mr. Justice Anderson granted Beals application for an injunction, restraining the Defendants for 28 days, from selling or distributing "Three Plumes" matches. The injunction would be terminated on the 14th October 2004 unless a further order is made.

Paul Burke, General Manager of Mussons Jamaica Limited, in an affidavit in opposition to the application, alluded to the agreement between TMC and Beal, for Beal to distribute or license others to distribute safety matches in Jamaica in relation to trademarks it then owned and TMC to do the same in all Caricom markets, other than Jamaica. Each agreeing not to make "inroads into the markets of the other."

At paragraph 5 of Burke's affidavit is exhibited a letter of Andrew Sabaga dated 15th February 2001, which states inter alia;

"Please be advised that if Beal Industries Ltd. does not immediately withdraw from all Caricom markets, other

than Jamaica, Trinidad Match will consider the agreement to be null and void and will enter Jamaica.... The large Jamaican market has always been tempting to us and we have no reservations in aggressively promoting our product if our "home market" is in an way threatened."

At paragraph 9, Paul Burke, in his affidavit in opposition, depones;

"I am advised by TMC, and believe that after breaking its agreement with TMC, BIL applied for registration of the trademark Three Plumes in class 34 (matches) at the Jamaican Intellectual Property Office. The trademark was registered on August 27, 2002 with BIL as proprietor of the mark."

Burke depones further at paragraph 14;

"Musson has been advised by TMC, and believes that TMC, on discovering BIL's registration of the mark in Jamaica, applied to the Registrar of Companies to have BIL's Three Plumes mark invalidated and removed from the Trade Mark Register on the basis of bad faith. I exhibit hereto marked "pb18" a copy of the application for invalidation."

Beals Case:

Mr. Williams submitted that in a common law passing-off action, "one would deal with whether ones' brand can be seen to be interfering with the sale and distribution of the other parties' brand, whether it is a colourable imitation thereby injuring the other parties' market." The test is whether there is a likelihood to interfere with the other parties' market. Market for

TMC, argued Mr. Williams, is Caricom, excluding Jamaica, places where they have already registered their mark. Jamaica is not a part of that market.

The application to revoke Beal's registration is pending; therefore, Beal Industries remains the owner of the registered trademark.

Mussons' Case:

Mrs. Phillips submitted that TMC is entitled in Jamaica, to protection of its unregistered trademark, under the law of passing-off, and that law can prohibit the registration of its mark in Jamaica by another under s13(4)(a) of the Trade Marks Act.

The Court was referred to Section 45 of Trade Marks Act.

The Law

The objectives concerning the grant of an interlocutory injunction was explained by Lord Diplock, (sitting in the House of Lords) in his judgement in American Cynamid v Ethicon (1975) 1 ALL ER 504, as follows:

“The object of the interlocutory injunction is to protect the plaintiff against injury by violation of his rights for which he could not adequately compensated in damages recoverable in the action if the uncertainty was resolved in his favour at the trial; but the plaintiff's need for such protection must be weighed against the corresponding need of the defendant to be protected against injury resulting from his having been prevented from exercising his own legal rights for which he could not adequately be compensated under the plaintiff's undertaking in damages if the uncertainty was resolve in the defendant's favour at the trial. The court must weigh one need

against another and determined where ‘the balance of convenience lies.’”

The Court starts the process by satisfying itself that, there is a serious question to be tried. There should be no attempt to pronounce upon the merits of the case. That determination will be done at the trial. If there is a serious question to be tried, then the Court should next consider whether the balance of convenience lies in the form of granting or refusing the interlocutory relief.

Mussons relies on the law of passing off. The question for the ultimate determination of the Court is whether “the arrangement” between the parties constituted an enforceable contract or was in restraint of trade. What effect if any, would “the arrangement” have on the central issue, the validity of Beals claim for proprietorship in the “Three Plumes” trademark.

Beal and 1st Defendant are manufacturers of matches. Both are members of Caricom. Mussons are distributors acting for the 1st Defendant (TMC). Mr Lanigan has deponed that there was no agreement which allowed any company to infringe on another’s trademark, and admits at paragraph 7 of his affidavit that, “while Beal was aware that TMC sold safety matches under the name ‘Three Plumes’ in Trinidad, it was not aware that TMC had registered that trade mark in other territories.”

Beal admitted to having decided to register "Three Plumes" in Jamaica after a market survey was asked to determine what brands would sell here. It seems to me that an important factor that may have led the survey to that conclusion was the "goodwill" that TMC has generated with their 'Three Plumes' brand. The fact that the mark is similar to TMC's mark, which predates it, is an important consideration. Section 45(1) of The Trade Marks Act provides:

Subject to subsection (2) the registration of a trademark may be declared invalid on the ground that –

- (b) an earlier right in relation to which the conditions set out in section 13(4) are satisfied, and the proprietor of that earlier trade mark or earlier right has not consented to the registration.

S13. 4 provides;

- (4) A trademark shall not be registered if, or to the extent that its use in Jamaica is liable to be prevented-
 - (a) by virtue of any law (in particular the law of passing-off) protecting an unregistered trademark or other sign used in the course of trade.

We note the mandatory nature of Section 13.4 and that the threshold for non-registration, is that the use of the mark in Jamaica *is liable to be*

prevented by any law. The Defendant contends that the law particularized by the section, i.e., the law of passing-off, is applicable in this circumstance.

What constitutes a passing-off at common law?

The learned authors of Winfield and Jolowicz on Tort - Twelfth Edition, at page 544 state of this tort;

The action arose in the nineteenth century and depends upon the simple principle that a man is not to sell his goods or his services under the pretence that they are those of another man. It has five elements, (1) a misrepresentation, (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate customers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonable foreseeable consequence) and which causes actual damage to a business or goodwill of the trader by whom the action is brought.

The name that Beal has chosen for its matches (i.e., Three Plumes) is identical with the one that TMC has used in sale and distribution of its matches. The goods are similar. The Beal's mark is constituted of three feather-like projections from a common container, the central feather projects above the other two that diverge equally on both sides. That description of the position of the Beal's mark is also true of the TMC's mark. The difference being that the three projections in respect of the Beal's mark are less sturdy. The words "Three Plumes" are in a semi-circle, the other half of that circle being the letters "Safety Matches" in Beal's mark.

On the other hand, in the TMC letterings, the words "Three Plumes" are also in semi-circle but the words "Safety Matches" are contained in a straight-line at the base of the mark.

In Cellular Clothing Co. v Maxton and Murray (1889) A.C. 326, at 338, 339, Lord Shand said;

"The idea of an invented or fancy word used as a name is that it has no relation, and at least, no direct relation to the character or quality of the goods which are to be sold under that name. There is no room whatever for what may be called a secondary meaning in regard to such words.... The word used and attached to the manufacture being an invented or fancy name, and not descriptive, it follows that if any other person proceeds to use that name, in the sale of his goods it is almost, if not altogether, impossible to avoid the inference that he is seeking to pass his goods off as the goods of the other manufacturer."

The Defendant has offered no explanation as to their choice of the name "Three Plumes," other than to say that its applicability was determined by a market survey. Has the name "Three Plumes" any descriptive meaning or direct relation to matches? That is a question in issue.

Beal and TMC are in the same line of business, the manufacture of matches. Is there a risk of confusion of the goods in the minds of the public? In addition, The Trade Mark Act (the Act), at Section 45 provides for the issuance of a declaration as to the invalidity of a purported registration of a

trade mark of which an earlier mark is identical. Whether the marks are identical is therefore a serious issue for trial.

The Act exempts a mark from registration if the mark of the applicant for registration and the earlier mark are identical and the respective goods and services are *similar*, or the marks are similar and the goods identical, and there exists a likelihood of confusion on the part of the public, including the likelihood of association with the earlier trademark.

There is also a prohibition on registering a trademark of an identical or similar trademark to an earlier mark (even if the respective goods are not similar) if the earlier mark has a reputation in Jamaica and the use of the later would take unfair advantage of or detrimental to the distinctive character or the reputation of the earlier trademark. These are clearly serious issues to be tried.

The balance of convenience

Lord Bridges in R v Secretary of State for Transport, ex parte Factortame Ltd. (1990) 2AC 85 at 139h, described the general approach in private law matters to a grant of an interim injunction.

In private law as between private parties, the Plaintiff will be required, if granted interim relief, to give a cross-undertaking in damages and the Court is thus enabled to make a pragmatic decision as to who is likely to suffer the greater injustice, the Plaintiff on the one hand, if interim relief is withheld and he eventually establishes

his right but is left to his remedy in damages, or the Defendant on the other hand, if he is wrongly restrained in the interim and he is left to his remedy in damages on the Plaintiff's cross-undertaking.

If Beal succeeds in its application for a permanent injunction, but is obliged to resort to Mussons undertaking for damages, then, its business of manufacture of this product line would be up and running. However, the market that it has enjoyed would now have had an entrant functioning there, which might have the effect of lessening the Beal's market share. Some of Beal's employees, in the interim, may have to be laid off or working hours reduced and contracts of supply renegotiated. On the other hand, competition may have the result of achieving greater efficiencies, resulting in a more economical operation.

On the other hand, if Mussons were to succeed, but is obliged to resort to Beal's undertaking for damages, the distribution of the Three Plumes brand by Mussons would have been dormant whilst Beal was allowed to trade. New comers might have entered the market making Mussons entry even more precarious. Mussons would be required to re-launch their product. That re-launch would require a special marketing strategy in the circumstances where the products are identical and the packaging quite similar. Damages may not be adequate.

In the R v Secretary of State for Transport, ex parte Factorame Ltd.

(no.2)(1991) 1 A.C. 603, Lord Goff said;

“If there is doubt as to the adequacy of either or both of the respective remedies in damages, then the court proceeds to what is usually called the balance of convenience and, for that purpose, will consider all the circumstances of the case.”

The Claimant’s business is already in operation; they have already been tested (albeit for a brief period) by the importation of the Three Plumes brand distributed by Mussons. Mussons, however, is in the process of establishing a market. If ultimately successful, they would lose the momentum of continuing to develop its share of the total market. During the period leading to trial, others may establish themselves in that market. In the circumstances of this case, Mussons would suffer seriously should an injunction be imposed, causing the belief in the market place that they have facilitated an interference of another’s trademark. The balance of convenience lies in favour of Mussons.

The application for further extension of the interim injunction is refused.

The application for service of the 1st Defendant outside the jurisdiction is granted.

Costs to the 2nd Defendant to be agreed or taxed.