

IN THE SUPREME COURT OF JUDICATURE OF JAMAICA

CLAIM NO. 2007 HCV 01426

BETWEEN HMM INTERNATIONAL LIMITED CLAIMANT
AND GEORGE WALKER 1ST DEFENDANT
AND MARIA DAWES 2ND DEFENDANT

IN CHAMBERS

**Mrs. Sandra Minott-Phillips and Miss Sanya Young instructed by
Myers Fletcher & Gordon for the Claimant.**

**Mr. David Batts instructed by Livingston Alexander & Levy for the
Defendants.**

Heard: 12th, 13th, 19th April, 25th May and 1st June 2007.

Mangatal J:

The Parties

1. The Claimant "HMM" is a multinational corporation, incorporated under the laws of the British Virgin Islands. HMM states that it exclusively manufactures and distributes in over 40 countries including the United Kingdom, the United States, Canada and Australia, a drink product called Hype Energy.
2. Globalbrands Trading & Consult AG "Globalbrands" is a company incorporated in Liechtenstein and is controlled by HMM which owns 51% of its shares. It is in Globalbrands' name that trade

marks in relation to *Hype Energy* are registered in the countries referred to above.

3. Bertrand Gachot is the Chief Executive Officer "CEO" of HMM and also acts as CEO of Globalbrands. By letter dated February 20 2007, he was authorized by Globalbrands to deal with all matters relating to the renewal, maintenance and transfer of Globalbrand's trade marks.
4. By a Licence Agreement commencing 1 April 1998 for a duration of twenty years, Globalbrands granted HMM an exclusive licence to use the *Hype Energy* Trade Mark in the world as well as an exclusive licence under Globalbrands copyright in the logo in the Trade Mark for this purpose .
5. The First Defendant is the General Manager of a limited liability company Hype T.V.(Jamaica) Limited, "Hype T.V." which is duly incorporated under the laws of Jamaica and has its principal place of business at Unit 22, Seymour Park, 2 Seymour Avenue, Kingston 6, Jamaica.
6. Hype T.V. engages primarily in the broadcast of musical entertainment via satellite and cable television in Jamaica and internationally.
7. The Second Defendant is a director and 35% shareholder in Hype T.V. "*Hype T.V.*" is registered as a trade mark in Jamaica in the name of the Second Defendant and her husband and was so registered at the time when the parties involved commenced business dealings which have culminated in this law suit.
8. HMM states that both Defendants from time to time acted as agents of Hype T.V. and from time to time acted on their own behalf.

The Applications

9. The application by the Claimants which I heard in April of this year and which now falls for determination, seeks the following orders:
 1. *The Defendants, whether by themselves, their servants or agents or howsoever, be restrained from doing anything inconsistent with the ownership which the Claimant claims in the trade mark Hype Energy until the trial of the action or the further order of the court.*
 2. *The Defendants forthwith assign to the Claimant the registered trade marks and the pending applications to register the trade mark Hype Energy.*
 3. *The Defendants forthwith inform the Commissioner of Customs of the withdrawal of their request (referred to in Circular No. 14(55/12A)) that the Commissioner of Customs treat the imported drink Hype Energy as prohibited goods within the meaning of the Customs Act.*
 4. *The Defendants, whether by themselves, their servants or agents or howsoever, be restrained from use of the trade mark Hype Energy or any mark which resembles the trade mark Hype Energy or any colourable imitation thereof until the trial of the action or further order of the Court.*
 5. *The goods referred to in the Circular Notice # 14(55/12A), issued by the Jamaican Customs Department, are to be released forthwith to the Claimant and/or its agent.*
 6. *Costs of this application are to be costs in the claim.*
10. The Defendants have also made an application to have Hype T.V.(Jamaica) Limited "Hype T.V." joined as a Defendant in this action. Johann Dawes and the Second Defendant in an Affidavit sworn to on the 18th April 2007 have indicated that they are the

directors and shareholders of Hype T.V.(Jamaica) Limited and that Hype T.V.(Jamaica) Limited consents to be joined as a Defendant.

The dealings between the parties and Hype T.V.

11. In the early part of 2005, the First Defendant contacted HMM by e-mail January 28, 2005 at 11:35 a.m indicating that he and others operated a T.V. station in Jamaica known as Hype T.V. and that they also operate a distribution business as a separate entity. The First Defendant made this initial contact and enquired how Hype T.V. could go about becoming a distributor of Hype Energy drink in Jamaica and the wider Caribbean. In paragraph 5 of his First Affidavit sworn to on the 11th April 2007, Mr. Walker states that he and the Second Defendant found out about the drink Hype Energy whilst surfing the internet. Since Hype T.V.(Jamaica) Limited operated a cable station known as Hype T.V. and, according to Mr. Walker, they had already established the Hype brand in the jurisdiction, he and the Second Defendant felt that there were opportunities for a synergy between the product Hype Energy and the T.V. station. At that time the drink Hype Energy was not available in Jamaica. Mr. Walker states that he and the Second Defendant also did not want to lose control of the brand name *Hype*.
12. Miss Esther Hagedoorn responded on behalf of HMM on January 28 2005 at 11:50 a.m. indicating, amongst other matters, that HMM currently had no distribution agreements in Jamaica but that they were very interested in establishing Hype in Jamaica. The e-mail stated:
We are interested in establishing new markets for the Hype brand, and in every case we look for the most suitable partnership for Hype. In return we issue a long term exclusive distributorship to our

chosen partner and we will then work together to determine appropriate volume forecasts and pricing.

13. Miss Hagedoorn closed her e-mail on the positive (and perhaps pun-inspired) note:

We hope to hear from you soon and Believe the Hype!

14. According to HMM in or about 2005, HMM entered into an oral distribution agreement with Hype T.V., in which Hype T.V. would be the exclusive distributor in Jamaica for 12 months of HMM'S Hype Energy drinks. HMM states that the terms of this distribution agreement were reduced into writing on March 3, 2005. The agreement which is exhibited to Mr. Gachot's Affidavit as "BG3" actually states a period of 9 months duration.
15. The First Defendant in response states that the agreement between Hype T.V. and HMM was partly oral and partly in writing. He states that he made it clear during the course of negotiations that Hype T.V. would not distribute the product unless the name was registered as a trade mark.
16. The First Defendant says that the Claimant first proposed a 3 month contract which Hype T.V. rejected. In March 2005 HMM sent a 9 month agreement. This was later superseded and/ or replaced by a 12 month contract for exclusive distribution with a right of first refusal given to Hype T.V. to enter into another distribution agreement or an option to renew the existing agreement. This contract was dated 28th October 2005.
17. HMM only alluded to one written agreement in their Affidavit evidence, i.e. the March 2005 agreement which was stated to be for a period of 9 months. However, HMM have not denied that there was an agreement dated 28th October 2005 for 12 months. It will be important for the court to know the dates and duration of the relevant distribution agreement since if there was an agreement for 12 months dated October 28th 2005, it would still have been in

place up to October 2006. I note however that HMM's Attorneys argue that there is a distinction between the causes of action in this case and any case having to do with breach of the distribution agreement . They say that any question of whether there was a breach of the distributorship agreement is separate and irrelevant to the determination of the issues raised in the present case. I will revert to this matter later in my judgment.

18. HMM states that during the period of the distribution agreement, HMM authorized Hype T.V. to register, in HMM's name, its trade mark *Hype Energy* and to deduct the cost for doing so from money payable to HMM by Hype T.V. on account of product purchased (my emphasis). HMM claims that the Defendants at all times represented to HMM that the application to register the trade mark *Hype Energy* in Jamaica would be made on HMM's behalf and that HMM would pay for it by offsetting the cost against product purchased by Hype T.V. There are several e-mails which HMM rely on as showing that the registration was to be done for and on HMM's behalf.
19. HMM states that in breach of the agreement between the parties, the Defendants registered the trade mark *Hype Energy* in their personal names in classes 16 and 41 and presently have a pending application for trade mark *Hype Energy* in classes 25 and 32 also in their personal names.
20. In making their trade mark application, HMM states that the Defendants represented to the Registrar of Industrial Property that they were the true owners of the trade mark and the goodwill in the name *Hype Energy* well knowing that they were not.
21. HMM says that it did not insist on the Defendants immediately sending it the registration documents at the time it was informed that the mark had been registered, as it assumed that the

registration was effected in its name in accordance with what had been agreed.

22. The Defendants on the other hand say that they repeatedly advised HMM to register the trade mark in Jamaica. According to the First Defendant, HMM appeared reluctant to register the trade mark so eventually it was agreed that Hype T.V. would do so on behalf of HMM. A part of the costs of the registration was paid by the Claimants by way of set off for the cost of samples sent to Hype T.V.
23. The First Defendant in his Affidavit states that in respect of the registered marks and the pending applications, he and the Second Defendant acted at all material times as agent of Hype T.V., which is the beneficial owner of the trade mark *Hype Energy*. Hype T.V. registered the trade mark as part of an agreement with HMM pursuant to which Hype T.V. marketed the said product at its own expense and sold Hype Energy.
24. The First Defendant states that HMM authorized Hype T.V. to register the name *Hype Energy* on behalf of HMM and did so pursuant to the agreement between Hype T.V.(Jamaica) Limited and HMM.
25. The First Defendant in paragraph 11 of his First Affidavit states that he and the Second Defendant were advised by personnel at the Jamaica Intellectual Property Office (JIPO) that having regard to the existence of an application by S.M.Jaleel & Co. Ltd. for the trade mark "Hype" in the category of drink, it would be best not to apply in the name of HMM but to apply in the name of those who already owned the trade mark for Hype T.V. The First Defendant says that he told HMM's representative Miss Hagedoorn of this by telephone and she gave the Defendants the go ahead to register the mark in their name on behalf of HMM. The First and Second Defendant applied in their names but state that at all times they

regarded Hype T.V. as the beneficial owner of the said mark *Hype Energy*.

26. The Defendants' Attorneys say this is the context in which an e-mail dated 6th June 2005 from Miss Hagedoorn is to be looked at where she states amongst other things " Also we think it is easier for you to register Hype Energy in Jamaica.... we will help you with anything you need". Interestingly in this instance, as in others, the Claimant and Defendants have exhibited different documentation in support of their respective cases. HMM have exhibited other e-mails but not this one dated 6th June 2005, and relies on a number of documents, including a letter dated 11th April 2005, which reads as follows :

We hereby authorize Hype T.V. Jamaica,to enter into all necessary transactions for the registration of the HYPE ENERGY drink brand, its logo's and trademark with the Jamaican authorities, in order to obtain the Health Public Registry and the authorization to market the product on behalf of HMM International Ltd. The name Hype Energy, its logo, its formula and all other properties are and shall remain the sole property of HMM. This document and its authority will expire on the 30th September 2005.

27. In paragraph 19 of the First Defendant's Affidavit he states that his intention and that of the Second Defendant had been to register the name of *Hype Energy* for Hype T.V. However in doing a search at J.I.P.O. they discovered that S.M.Jaleel had filed an application on the 23rd of August 2005 to register Hype in Class 32 drinks class. He states that they were further advised by Stacey Edwards of JIPO that as they already owned the trade mark Hype T.V. they would be the only ones who could successfully challenge S.M Jaleel & Co. Ltd. for the name "Hype".

28. HMM say that in breach of the agreement between themselves and Hype T.V., the Defendants fraudulently and/or deceitfully registered the trade mark *Hype Energy* in their personal names in classes 16 and 41, instead of in the name of HMM and they also have a pending application in classes 25 and 32 in their personal names.
29. According to HMM, upon the expiration of the distribution agreement, and in keeping with Hype T.V.'s right of first refusal in the agreement, HMM offered it the option to renew the distribution agreement. However, according to HMM, Hype T.V. declined the offer. At paragraph 20 of Mr. Gachot's Affidavit, he refers to correspondence between HMM's Sales Manager Aurora Garavilla, and the First Defendant dated October 26, 2006, as showing that the offer of an option to renew was made to Hype T.V. and refused on its behalf by the First Defendant.
30. HMM states that it subsequently entered into an exclusive distribution agreement with Mr. Clint Reid in or about September 2006 and Mr. Reid became HMM's agent for the exclusive distribution of its Hype Energy drink product in Jamaica.
31. HMM states that it was informed by its agent Mr. Reid that when he made attempts to clear containers of HMM's Hype Energy drink from Customs in Jamaica, he was given a copy of Circular Notice # 14(55/12A) alerting customs officers that all imported Hype Energy drinks were to be treated as prohibited goods and should be detained.
32. HMM claim that this was the first time it became aware that the registration had been effected in the names of the Defendants. HMM says that the notice made it clear that the Defendants had represented that they were the owners of the trade mark *Hype Energy* and requested that the importation of Hype Energy drinks be treated as prohibited goods.

33. HMM state that its Hype Energy drinks landed in Jamaica on February 2 2007 and have since been detained in Customs at costs which they have particularized in the Particulars of Claim and which continue daily.
34. HMM say that they have attempted to contact the Defendants to have them execute a Deed of Assignment transferring ownership of the trade mark *Hype Energy* to HMM as well as to have them withdraw the Customs notification but their attempts have not been successful.
35. HMM claim that that the Defendants are passing off HMM's goodwill in the trade mark *Hype Energy* as their own and claim that they have suffered loss and damage.
36. In the Particulars of Claim, HMM claim numerous types of relief, including
 - a) A declaration that HMM is the sole beneficial owner of the trade mark *Hype Energy*.
 - b) Pursuant to (a) above, that the Defendants immediately execute all documents necessary to transfer legal ownership to HMM of both the registered trade mark *Hype Energy* in classes 16 and 41 and the pending application of the Trade Mark in Classes 25 and 32.
 - c) A declaration that the existing registration and the pending application of the trade mark *Hype Energy* are invalid and liable to be prevented, respectively, as having been made in bad faith and in contravention of the Trade Marks Act and the law of passing off and should therefore be struck off the Register of Trade Marks.

- d) The Defendants be restrained from in anyway dealing with the Trade Mark *Hype Energy* in any manner inconsistent with HMM's ownership of the said trade mark and the goodwill therein otherwise than with HMM's prior written consent.
 - e) The Defendants be restrained from use of the trade mark *Hype Energy* or of any mark which resembles the trade mark *Hype Energy* or any colourable imitation thereof.
 - f) Damages for passing off and/or fraudulent misrepresentation and/ or deceit including, but not limited to, customs fees incurred due to the detention of HMM's agent's product at the behest of the Defendants.
37. The Defendants on the other hand say that HMM in breach of the exclusive distribution agreement appointed a new distributor prior to the expiration of the agreement and also failed to offer Hype T.V. the first right of refusal before entering into a new distribution agreement . They say that the e-mail referred to in paragraph 20 of Mr. Gachot's Affidavit does not constitute an offer at all but merely informed Hype T.V. that a new distributor had been appointed. The Defendants say that this breach of contract occurred in spite of Hype T.V. repeatedly affirming its continued interest in the contract and in the product. The Defendants refer to a number of documents including e-mail dated 29th June 2006, resent on July 18th 2006 at 9:40 a.m. "GW10" and to HMM's response dated 18th July 2006 at 9:47 a.m. "GW13".
38. The First Defendant states that he is well aware and does not deny that HMM owns the product Hype Energy. However, he states that the exclusive distributor agreement and the agreement to allow registration of the trade mark meant that only Hype T.V. was

entitled to sell and distribute Hype Energy and to use that name in Jamaica. He states that he and the Second Defendant therefore acted on behalf of Hype T.V. when they objected to product bearing the name Hype Energy being brought into Jamaica without the consent of Hype T.V.

39. The Defendants also state that the goodwill which now exists in the name Hype Energy in Jamaica was due to the extensive marketing and promotion of the product by Hype T.V.
40. At paragraph 18 of the First Defendant's Affidavit he states that in registering the trade mark in their names he and the Second Defendant acted on the basis of legal advice received. He states that, at all times they acted as agent for Hype T.V., the beneficial owner of the registered trade mark *Hype Energy*. Hype T.V. acknowledges that pursuant to the said agreement it holds the said trade mark on behalf of the Claimant. Mr. Batts, Attorney-at-Law for the Defendants has argued that the Defendants hold for the beneficial owners Hype T.V. who themselves hold on trust for HMM, but on certain terms. At paragraph 28 of the First Defendant's Affidavit the First Defendant states that it was at all material times understood between HMM and Hype T.V. that the trade mark Hype Energy would be controlled by Hype T.V. so long as the exclusive distributorship continued.
41. The First Defendant states that himself and the Second Defendant notified customs of the importation and use of the trade mark *Hype Energy* because the importation of product without the consent of Hype T.V. constituted a breach of the agreement between HMM and Hype T.V.
42. The Defendants also state that Mr. Clint Reid had been a subcontractor engaged by Hype T.V. to sell the product Hype Energy and that Mr. Reid took product from Hype T.V. for which he has not paid.

43. The First Defendant has stated that he has been advised by Mr. Clint Reid and verily believes that the goods are no longer in the custody of customs and in fact were not detained but have been diverted to other markets. HMM through their Attorneys have denied that this is so.
44. The interlocutory application had to be argued over several days for short periods of time in light of the application's urgency and my other court commitments and those of the Attorneys. As is not unusual in applications for interlocutory injunctions, there were Further Affidavits, orders made, and Information filed as the matter unfolded. On the 25th of May the parties again assembled at my request to discuss what I thought was appropriate and relevant further information not yet before me. On that date I exercised my powers under section 59 of the Trade Marks Act and ordered and directed that the Registrar of Industrial Property submit to the Court on or before May 29, 2007:
- a) A Statement in writing signed by him giving particulars of (or annexing) the Defendants' application to register the trade mark "Hype Energy" (Form T1) and any other documents or evidence that were before him up to the time of his decision to register the said trade mark in the names of the Defendants;*
 - b) Particulars of the Practice of the Registrar of Companies in like cases;*
 - c) Particulars of the grounds of the Registrar of Industrial Property's decision and such other matters relevant to the issues and within his knowledge up to the time of his decision to register, as he thinks fit.*
45. In addition, Mr. Batts sought and obtained permission to file further submissions in relation to the proper construction of the Exclusive Licence Agreement between Global Brands and HMM,

exhibited to the Affidavit of Sanya Young sworn to on the 12th April 2007. Mrs. Minott-Phillips was given permission to respond. Both parties were granted permission to file submissions, if so advised, in relation to the Statement and Particulars which the Registrar of Industrial Property was ordered to provide.

46. All of the parties have complied within the time lines stipulated and I must express my appreciation, in particular of the timely response by the Acting Registrar of Industrial Property, Mr. Edward Brightly. He provided the information and particulars in the time ordered; no mean feat as the time for compliance was of necessity short.
47. In his Statement Mr. Brightly has set out the history of the matter and exhibited copies of relevant documentation from the Defendants' agents Attorneys at Law Nunes Scholefield De Leon & Co. to JIPO, and from JIPO to the agents. Mr. Brightly has also gone on to deal with other aspects of what was before him, after the time of his decision to register the trade mark "Hype Energy" in favour of the Defendants. This has mainly to do with an application by HMM made to the Registrar of Industrial Property for invalidation of the Trade mark *Hype Energy* in Classes 16 and 41 filed March 6 2007. Whilst Mrs. Minott-Phillips on the 25th of May 2007 advised me that her clients had made such an application to the Registrar, she asked me to limit my order for information from the Registrar up to the time of the Registrar's decision to register since, as far as her side was concerned, anything else would not be relevant to the Claim before me. As a result, I complied with that request and so I will ignore the documentation that relates to that application to the Registrar to invalidate. I comment, however, on a number of matters. The

Claim herein was filed March 27 2007. The application to the Registrar requesting invalidation seems to have been filed some weeks before this Law Suit. On the 19th of April 2007 Mr. Batts in his submissions on behalf of the Defendants, in addition to several other submissions, contended that HMM ought to have applied under section 46 of the Trade Marks Act if HMM felt aggrieved by the Registrar's decision. In response, Mrs. Minott-Phillips submitted that under section 46 of the Trade Marks Act, the application can be brought to the Court or to the Registrar. The jurisdiction of the Court is never ousted. She submitted further, and in any event, that under the common law of passing off, an application can be made to the Court if the Defendants represent that they are the true owners of the trade mark. It seems to me that this would have been a helpful point, (at least in the interests of completeness), at which to advise the Court that in fact proceedings had been filed before the Registrar under particular provisions of the Trade Marks Act. Indeed, that the application before the Registrar applying for invalidation of the Trade Mark had been filed before the Court proceedings.

48. The relevant subsections of paragraph 46 of the Trade Marks Act read as follows:

46(1) An application for a declaration of invalidity may be made by any person to the Registrar or to the Court.

(2) If proceedings are pending in Court concerning the trade mark in question, an application under this section shall be made to the Court and where the application is made to the Registrar, the Registrar may at any stage of the proceedings refer to the Court any matter arising from the application which involves a question of law of public importance.

(3) The Registrar may apply to the Court for a declaration of the invalidity of the registration in the case of bad faith or error in the registration.

Section 45 of the Trade Marks Act sets out the grounds upon which the registration of a trade mark may be declared invalid.

49. In his Statement Mr. Brightly at paragraphs 10 to 22 of his Statement has set out the relevant practice of the Trade Marks Registry and other relevant information. He indicates that the application for registration of a trade mark must meet certain formal requirements and then a substantive examination is conducted to assess the mark's registrability.

Mr. Brightly states:

*15. Substantive Examinations are conducted by the Trade Marks Registry to ensure that there are no **Absolute or Relative** grounds to refuse registration of the mark.....*

Section 11 (4) of the Trade Marks Act, 1999

17. A mark can be refused on relative grounds if, upon a substantive examination, the examiner is of the view that the mark in question is identical with or similar to an earlier registered trade mark and is seeking registration in respect of similar or identical goods and services as the prior registered mark.

18. It is the role of the Registrar of Industrial Property in conducting a substantive examination to make a thorough check of the mark against these criteria to satisfy the requirements of the Act.

19. Additionally, the mark must be examined to ensure that it does not run afoul of the relative grounds of refusal which is that the mark cannot be similar to or identical to an earlier registered mark and the goods and services in relation to which the application is made cannot be similar to or identical to the goods and services for which an earlier trade mark is registered. This examination is limited to marks which are registered in Jamaica as Trade Mark

registration is a territorial system granting rights only in the jurisdiction where the mark is registered.

20. The Registrar of Industrial Property is therefore obliged to only look at marks registered in Jamaica. Where a similar or identical earlier trade mark is registered in a jurisdiction other than Jamaica it can only act as a bar to registration of a Trade Mark in Jamaica where such a mark is assessed to be a well known trade mark as set out in section 14(1)(b) of the Trade Mark Act, 1999.

21. I was not aware of the existence of the trade mark registered to the Applicant HMM..., until invalidation proceedings were filed by MF&G on March 6, 2007 as same was not registered as a trade mark in Jamaica and there was no evidence obtained by this Office of the mark being a well known mark in Jamaica belonging to HMM...

I am cognizant that whilst the practice of the Trade Marks Registry provides evidence that is useful to the Court in assessing the case before it, it nevertheless remains the Court's function, and not that of the Trade Marks Registry or the Registrar of Intellectual Property, or the Registrar of Companies, to determine the true state of the law applicable in this area.

The Defendants' Application to Add Hype T.V.(Jamaica) Limited

50. The stated grounds for the Defendants' application to add Hype T.V. Ltd. are as follows:
- i. It is desirable to add Hype T.V. so that the Court can resolve all issues in dispute in the proceedings.
 - ii. There is an issue involving Hype T.V. which is connected to the matters in dispute in these proceedings.

- iii. The Defendants conduct in this matter for which the Claimant seeks relief was at all material times done for and on behalf of and on the instructions of Hype T.V.
- iv. The Defendants if compelled to act by this Honourable Court will be acting in breach of their fiduciary duty to Hype T.V.
- v. Hype T.V. has a valid and relevant claim against HMM as well as a contractual basis to oppose the relief sought by HMM. On the question of the claim which Hype T.V. has, Mr. Batts has contended that Hype T.V. are entitled to sue HMM for specific performance of the Distribution Agreement .

51. Mr. Batts relies upon the cases of **Amon v. Raphael Tuck & Sons Ltd.** [1956] 1 All E.R. 273 and **Bentley Motors(1931) Ltd. v. Lagonda Ltd.** 2 Ch.D.211.
52. In opposing the application, Mrs. Minott-Phillips argued that HMM is asking for orders declaring it to be the true beneficial owner of the trade mark Hype Energy. She argues that since the Defendants acknowledge in their Affidavits that they at all times acted as agents for Hype T.V. and Hype T.V. acknowledges that they hold the trade mark on trust for HMM, then this Claim does not affect Hype T.V. in any way. She states that the Affidavits of the Defendants state simply that the trade mark is held on behalf of HMM, they do not say or spell out that it is held on any terms. Mrs. Minott-Phillips has also argued that the Defendants in this case cannot seek specific performance of the Distribution Agreement in light of paragraph 32 of the First Defendant's Affidavit where they state that the Defendants at all material times acted as disclosed agents of Hype T.V. and they state that there is no contractual relationship between HMM and the Defendants. She submitted further that even if Hype T.V. was a Defendant in

this case, it still could not succeed in a claim for specific performance of the distribution agreement because she submits that the distribution agreement was a contract for services of a personal nature, a contract of agency and the courts do not ordinarily order the specific performance of such contracts. She further submitted that what the Defendants ought to pursue is the alternative application which they have filed, which was for the Defendants to make an ancillary claim against Hype T.V. for an indemnity.

53. In my judgment, Mr. Batts is correct in arguing that under our new Rules the Court may in certain circumstances, add a new Defendant to proceedings even where the Claimant does not wish to sue that party. I also agree with him that whereas under our former Rules, the C.P.C. and old English Rules, the Court had to be satisfied that it was "necessary" to add the defendant in order for the court to completely adjudicate upon all questions involved in the matter, our current rules speak of the "desirability" of adding the new party in order to resolve all matters in dispute in the proceedings -Rule 19.2 (3)(a). Rule 19.2(3)(b) also gives the Court a discretion to add a new party where there is an issue involving the new party which is connected to the matters in dispute in the proceedings and it is desirable to add the new party so that the court may resolve that issue. I agree with the submission that the term "desirable" suggests that the Court has been given greater discretion to add parties, thereby swelling the Court's powers to avoid multiplicity of proceedings and focusing on the real and vital need to deal with the true issues between the parties in the interests of justice.
54. Although the two cases cited by Mr. Batts were decided under old English Rules, I found them most helpful for the reasoning and principles discussed. They are in my view applicable under our

C.P.R. In **Bentley** the headnote summarizes that the plaintiffs claimed an injunction and other relief for alleged infringement by the defendants of the plaintiffs' registered trade mark consisting of the word "Bentley". In their defence in addition to challenging the validity of the trade mark, the defendants referred to a contract between the plaintiffs and Mr. Bentley whereby the latter was granted the right of permitting, notwithstanding the registration of the plaintiffs' trademark, the use and mention of his name in advertisements and otherwise as discussed in the agreement in connection with complete automobiles or aircraft by any company being the real and substantive employer of Mr. Bentley. Mr. Bentley was at the material time in the substantive employment of the defendants. Since the defendants were not parties to the contract, the alleged rights of Mr. Bentley under the contract could not be asserted by them against the plaintiffs. In this case the defendants were permitted to have Mr. Bentley added as a Defendant in the action as one of the main objects of the relevant rule was to avoid a multiplicity of proceedings. I am of the view that the editorial note to this case aptly describes some of the relevant points:

.....Here there was an agreement between the owners of a trade mark and the person sought to be joined under the rule, that he might permit the use of his name by his employers. In an action by the owners of the trade mark against his employers for infringement, such person's rights against the plaintiffs under this agreement can only be effectually settled by joining him as a party.

55. Again in **Amon** the facts are useful, but I will just extract the principles from the headnote. It was held:

(i) the test whether under (the relevant rule) the court had jurisdiction to add as a defendant a person whom the plaintiff did not wish to sue was whether the order for which the plaintiff was

asking in the action might directly affect the intervener(i.e .the person proposed to be added as a party) by curtailing the enjoyment of his legal rights....; for the only reason which might render the party before the court to be "necessary" to enable the court to adjudicate completely....was that he should be bound by the proceedings ...

(ii) D should be added in the present case because the defendants were shown prima facie to be bound to him in contract to manufacture the stixit pen, which obligation constituted a legal right of D's the enjoyment of which might be curtailed by relief (i.e.the injunction) asked by the plaintiff in this action.

56. Mr. Batts had submitted that I should rule on this application to add Hype T.V. before dealing with the application for the injunctive relief. However, Mrs. Minott-Phillips opposed that application and her application was in any event first in time. I therefore elected to hear both and indicated that I would thereafter give my decision. In a Further Affidavit filed by George Walker sworn to on the 17th April 2007, Mr. Walker sets out his assets, those of the Second Defendant, and of Hype T.V. He indicates that Hype T.V. intends to defend the Claimant's claim and to pursue its right to use the trade mark and to have and exercise its right of first refusal under the distribution agreement.

57. In my judgment this is clearly a case in which it is desirable to add Hype T.V. as a Defendant. This is so because the Defendants say that they at all times acted as agents for Hype T.V. They state that they hold the trade mark on trust for Hype T.V. who in turn hold the trade mark on terms that the trade mark Hype Energy would be controlled by Hype T.V. so long as the exclusive distributorship agreement continued, as agreed between HMM and Hype T.V. If indeed Hype T.V. has such a legal right, the enjoyment of that right

by Hype T.V. would be curtailed by the injunctive and other relief asked for against the Defendants by HMM in this action.

57. Further, the issue of the distributorship agreement and whether there has been any breach of it, or whether there is a right to specific performance of it, is an issue involving Hype T.V. which is connected to the matters in dispute in these proceedings and which the Defendants herein cannot properly mount against HMM since they were not parties to the distribution agreement. Whilst there is well-known authority for the proposition that the Court will not normally order specific performance for personal work or services, (see Halsbury's Laws of England, Volume 44(1) Fourth Edition Reissue, paragraph 807 and footnotes), there have been cases where it has been said that specific performance could be granted requiring the defendant to permit the plaintiff to carry out its duties as the Defendants' Sole Agent. In addition, Mr. Batts submits that not all contracts of agency require the provision of any personal service and that in those instances the Court may grant specific performance. Here he submits that it is not a contract for continuous services, Hype T.V. is not really selling goods on HMM's behalf, they really purchase goods from HMM and import and sell in the Jamaican market. Hype T.V. is only HMM's agent to the extent that it is using its name and distributing product. In my view, these are fairly complex matters which cannot be determined at the stage of an application to add parties, but rather should be dealt with at trial after the claims are delineated. It appears to me to be desirable to add Hype T.V. so that the Court may resolve these connected issues. The point is that whilst the Claimant says that the issue of the distribution agreement is not connected, the defendants say that it is, Hype T.V. say that it is, and I think it just to have these issues resolved at the same time.

58. In my judgment, granting permission to the Defendants to bring an ancillary claim against Hype T.V. is not a true alternative and in any event, once Hype T.V. are added, the Defendants are still at liberty to seek the court's permission to make an ancillary claim against Hype T.V. as a fellow Defendant for a claim of indemnity.

The applications by HMM

59. The applications herein being for interlocutory injunctive relief, the Court ought to adopt a course which will carry the lowest risk of injustice if the Court should turn out to have been "wrong" at the interlocutory stage, in the sense that the party who does not succeed at the interlocutory stage, ends up, or would end up, establishing its claims at trial. In **Zocholl Group Ltd. v. Mercury Communications Limited** [1998] FSR 354, Phillips L.J. referred to the judgment of Hoffman J. in **Films Rover Ltd. v. Cannon Film Sales Ltd** [1987] 1 W.L.R 670 at 680 as providing detailed guidance as to the approach of the Court when considering an application to grant a mandatory interlocutory injunction. He however commended a more concise summary by Chadwick J. in **Nottingham Building Society v. Eurodynamics Systems** [1993] F.S.R.468 at 474 as all the citation that should in future be necessary.
60. In this case the Claimants in their written submissions have said that they recognize that aspects of the injunctive relief sought may be considered to be of a mandatory nature, although a significant portion of their submissions have been taken up with authorities dealing principally with prohibitory injunctions. The Defendants in their written submissions say that the Claimants have misplaced the burden of proof and have not accurately stated the test applicable to obtain mandatory relief of the nature sought in this case. It is for these reasons that I feel compelled to refer to Lord

Hoffman's detailed guidance in **Films Rover** and not just Lord Chadwick's summary in **Nottingham**. To my mind Lord Hoffman provides guidance in respect of interlocutory injunctive relief, whether labeled mandatory or prohibitory, and he emphasizes that the fundamental question involves the assessment of relative risks of injustice. He stated:

The principle dilemma about the grant of interlocutory injunctions, whether prohibitory or mandatory, is that there is by definition a risk that the court may make the "wrong" decision, in the sense of granting an injunction to a party who fails to establish his right at the trial (or would fail if there was a trial) or alternatively, in failing to grant an injunction to a party who succeeds (or would succeed) at trial. A fundamental principle is therefore that the court should take whichever course appears to carry the lower risk of injustice if it should turn out to have been "wrong" in the sense I have described. The guidelines for the grant of both kinds of interlocutory injunction are derived from this principle.

*The passage quoted from Megarry J. in **Shepherd Homes v. Sandham** qualified, as it was, by the words "in a normal case", was plainly intended as a guideline rather than an independent principle. It is another way of saying that the features which justify describing an injunction as mandatory will usually also have the consequence of creating a greater risk of injustice if it is granted rather than withheld at the interlocutory stage, unless the court feels a high degree of assurance that the plaintiff would be able to establish his right at trial. I have taken the liberty of reformulating the proposition in this way in order to bring out two points. The first is to show that semantic arguments over whether the injunction as formulated can properly be classified as mandatory or prohibitory are barren, the question of substance is whether the granting of the injunction would carry that higher risk of injustice which is normally*

associated with the grant of a mandatory injunction. The second point is that in cases in which there can be no dispute about the use of the term "mandatory" to describe the injunction, the same question of substance will determine whether the case is "normal" and therefore within the guideline of "exceptional" and therefore requiring special treatment. If it appears to the court that, exceptionally, the case is one in which withholding a mandatory interlocutory injunction would in fact carry a greater risk of injustice than granting it even though the court does not feel a "high degree of assurance" about the plaintiff's chances of establishing his right, there cannot be any rational basis for withholding the injunction.

In **Shepherd Homes Ltd. v. Sandham**, Megarry J. spelled out some of the reasons why mandatory injunctions generally carry a higher risk of injustice if granted at the interlocutory stage: they usually go further than the preservation of the status quo by requiring a party to take some new positive step or undo what he has done in the past; an order requiring a party to take positive steps usually causes more waste of time and money if it turns out to have been wrongly granted than an order which merely causes delay by restraining him from doing something which it appears at the trial he was entitled to do; a mandatory order usually gives a party the whole of the relief which he claims in the writ and makes it unlikely that there will be a trial. One could add other reasons, such as that mandatory injunctions (whether interlocutory or final) are often difficult to formulate with sufficient precision to be enforceable. In addition to all these practical considerations, there is also what might be loosely called a 'due process' question. An order requiring someone to do something is usually perceived as a more intrusive exercise of the coercive power of the state than an order requiring him temporarily to refrain from action. The court is therefore more

reluctant to make such an order against a party who has not had the protection of a full hearing at trial.

61. In **Nottingham** Chadwick J. stated:

In my view the principles to be applied are these. First, this being an interlocutory matter, the overriding consideration is which course is likely to involve the least risk of injustice if it turns out to be "wrong" in the sense described by Hoffman J.

Secondly, in considering whether to grant a mandatory injunction, the court must keep in mind that an order which requires a party to take some positive step at an interlocutory stage, may well carry a greater risk of injustice if it turns out to have been wrongly made than an order which merely prohibits action, thereby preserving the status quo.

Thirdly, it is legitimate, where a mandatory injunction is sought, to consider whether the court does feel a high degree of assurance that the plaintiff will be able to establish his right at trial. That is because the greater the degree of assurance the plaintiff will ultimately establish his right, the less will be the risk of injustice if the injunction is granted.

But, finally, even where the court is unable to feel any high degree of assurance that the plaintiff will establish his right, there may still be circumstances in which it is appropriate to grant a mandatory injunction at an interlocutory stage. Those circumstances will exist where the risk of injustice if this injunction is refused sufficiently outweigh the risk of injustice if it is granted.

62. These are the guidelines and principles to be applied in the instant case. Some aspects of the relief sought in the present application, specifically that sought in sub-paragraphs 2, 3 and 5 of the order sought are manifestly and expressly relief seeking mandatory interlocutory injunctive relief. The relief sought at paragraphs 1 and 4, whilst formulated in the language of prohibitory injunctive

relief, are really contingent on the court granting mandatory interlocutory injunctive relief and in any event, as Lord Hoffman stated in **Films Rover** , the question of substance is whether the granting of the injunction would carry that higher risk of injustice normally associated with the grant of a mandatory injunction. In my judgment, the type of relief here sought does constitute interlocutory injunctive relief of a nature which would carry that higher risk of injustice normally associated with the grant of a mandatory interlocutory injunction in that essentially, the application by HMM requires the Defendants to undo things already done, to write to Customs and withdraw the objection, and is in effect seeking to set aside the registration of the Trade Mark done by the Registrar.

63. As in all cases seeking interlocutory injunctive relief, the Claimant HMM must demonstrate that there are serious issues to be tried or that it has an arguable case. It is clear that there are very serious issues to be tried here. Subject to what I discuss in paragraphs 80-86 below, I agree with Mrs. Minott-Phillips' submission that there is an abundance of evidence to show that there are serious issues to be tried in respect of the claim of passing off, trade mark infringement, fraudulent misrepresentation and deceit.
64. The application for interlocutory injunctive relief being an equitable remedy, the Court must first look to see whether damages would be an adequate remedy for the respective parties. This is not in my view a case where damages would be an adequate remedy for either party, involving as it does property rights, issues of alleged damage to goodwill affecting reputation, rights to make use of and entitlement to trade marks, and questions of livelihood. Alternatively, quantification of damages would be very difficult to achieve and would not provide an adequate remedy-see page 14 of

the K-Mart decision and Alfred Dunhill Ltd. v. Sunoptic SA [1970] F.S.R 337 at 365.

65. I must therefore look at the balance of convenience to see which course should be adopted as involving the least risk of injustice if it turns out to be "wrong".
66. As this application involves mandatory interlocutory relief and relief which carries the higher risk of injustice normally associated with mandatory interlocutory relief, I will have to examine the case to see whether I feel a high degree of assurance that HMM will be able to establish its entitlements and rights claimed at the trial. Even if I am not feeling a high degree of assurance, there may still be circumstances in which it would be appropriate to grant the mandatory interlocutory relief at this stage. This would occur where the risk of injustice if the injunction is refused sufficiently outweigh the risk of injustice if it is granted.
67. Mrs. Minott-Phillips submits that this higher test is met in this case. She submits that on the basis of the various e-mails between the parties which, amongst other things, indicate that:
- (i) the registration of the trade marks in Jamaica was to be done on behalf of the Claimant;
 - (ii) the Claimant paid for the registration of the trade mark in Jamaica;

and the Defendants' statement in their Defence and Affidavit that the registration of the name Hype Energy was to be done on behalf of HMM, there is ample basis for the Court to have a high degree of assurance that at the trial it will appear that the injunction was rightly granted.

68. Mrs. Minott-Phillips referred to paragraph 11 of the Defence which states:

11. In answer to paragraph 12 of the Particulars of Claim the Defendants say that it was at all material times known by the

Claimant that Hype T.V. agreed to the registration of Hype Energy as a trade mark in consideration of Hype T.V.Ltd. being accorded exclusive distribution of Hype Energy drink in Jamaica. This was at all times understood as Hype T.V.Limited did not wish any other to use the registered name Hype.

Mrs. Minott-Phillips argued that this paragraph is unsustainable in light of the fact that the Defendants knew that the Claimant was the world-wide proprietor of the trade mark *Hype Energy* when Hype T.V. (through them) agreed to distribute the Hype Energy drink in Jamaica. She submits further that such distribution would have to have resulted in the use of the Claimant's trade mark *Hype Energy* in Jamaica.

69. Mrs. Minott-Phillips also submits that even if the Defendants are able to substantiate their allegation that HMM has breached the distributorship agreement, that still would not explain or justify the registration of the Claimant's trade mark in their personal names when all indications are that all parties knew and accepted that the registration of the trade mark in Jamaica was to be effected in the name of HMM.
70. HMM's Attorneys also rely on the **Shepherd Homes** decision, at page 411, in support of their submission that in considering whether to grant or refuse a mandatory injunction, the Court should exercise its discretion in such a manner as to produce a "fair result", and in doing so should take into consideration "the benefit which the order will confer on the plaintiff and the detriment which it will cause the defendants".
71. On one side of the equation are points which tell favourably in respect of the Claimants' arguments. One of these is the issue of why HMM would pay any portion of the costs of the registration if

it was not to be in their name. However, the Defendants point out that only a part of the costs were paid by the Claimants by way of set off for the cost of samples sent to Hype T.V. and that they have invested over \$25 Million in air time and promotional activities and to obtain Public Health and Bureau of Standards approval for the product, all in respect of the synergy and agreement that the parties were attempting to achieve. The other, to my mind, is that it may seem somewhat incongruous for the Defendants to say (paragraph 10 of the Defence) that at all material times Hype T.V. owned the registered trade mark Hype and would object to any one else using that name and in particular the name Hype Energy, when they also say (at paragraphs 7 and 12 of the First Defendant's Affidavit) that initially they encouraged HMM to register the trade mark itself, the inference being in HMM's own name. Also, if originally they were prepared to proceed with the distribution agreement with HMM with HMM itself registering the trade mark, (and Hype T.V. even directed them to Attorneys who could do so on HMM's own behalf), what then makes their ultimate registration of the trade mark in the names of the Defendants a trust upon terms that the trade mark could be controlled by Hype T.V. so long as the exclusive distribution continued? In addition, I refer to the First Defendant's response dated 26 October 2006(part of exhibit BG6) upon being informed by HMM earlier the same day that they had appointed a new Distributor. True, it may be argued that this response was before the Defendants and Hype T.V. had consulted with their Attorneys. However, it is quite arguable that this response constitutes (if there was a repudiatory breach) an acceptance of that breach, which may negatively impact on Hype T.V.'s claim for specific performance of the distribution agreement. In the e-mail Mr. Walker said:

....

I understand your position,

We were caught up with events at the TV station, and this led to this situation. I am a bit disappointed that it has come to this.

However, given that we are Hype T.V., I would love to know who the distributor is, in order that we can work out possible market deals.

72. However, on the other side of the equation there are a number of matters which I shall attempt to summarize and list which do not enable me to feel a high degree of assurance that HMM will succeed at the trial in establishing the rights it claims. There seem to be substantial issues of fact and law which will be required to be resolved at trial, and in respect of which I do not at this interlocutory stage feel a high degree of assurance will be resolved in HMM's favour or demonstrate that the mandatory interlocutory injunctive relief would prove to have been rightly granted.
73. An important plank of HMM's case is the establishment of fraud on the part of the Defendants. Fraud and deceit are very serious allegations and require to be proved at the higher end of the range encompassed in the concept of balance of probabilities.
- (a) The Defendants in this case say that they have acted on legal advice and on advice of personnel in the JIPO office, the body constituted by the State to deal with, and experienced in, the registration of trade marks. These are circumstances that do not necessarily, but they may, insulate the Defendants' actions from the taint of fraud.
- (b) There is evidence upon which the Defendants rely and which arguably suggests that HMM consented to the trade mark being registered on behalf of HMM and not necessarily in its name. Mr. Walker states that in a conversation with Miss Hegedoorn she authorized him on behalf of HMM to go ahead and register the

trade mark in the names of the Defendants after he had outlined the advice given by JIPO to have those who already owned the trade mark for Hype T.V. make the application, in light of an existing application by S.M.Jaleel in the category of drink. This has not been directly controverted at this time by HMM on Affidavit.

(c) It is quite arguable that the exchange of correspondence and the communication between the parties, left a lot to be desired in terms of clarity, and that same are at best ambiguous.

(d) The Defendants claim to have acted because Hype T.V. had a claim of right. They argue that the application for the trade mark was part and parcel of the distribution agreement and that the parties understood that until the exclusive distribution agreement was performed, which agreement also contained a right of first refusal, and which they say they had a reasonable expectation would be of long term duration, Hype T.V. had a right to control the trade mark. Mr. Batts argues that the trade mark was Hype T.V.'s held on trust for HMM, but on certain terms. I think that some support for the Defendant's argument in relation to trusts on terms is to be found in the case of **Re DIEHL K.G.'s APPLICATION** [1969] 3 All E.R. 338, cited by Mr. Batts. In this case the Respondents had pursuant to a written agreement acted as the sole agent in the United Kingdom for the sale of calculating machines manufactured in Germany originally by the Applicant's predecessor, and eventually by the Applicant itself. The agreement made no reference to trade marks. As a result of a disagreement between the parties the agreement was eventually terminated. The case concerns an application to the court under section 32 of the Trade Marks Act 1938, in the U.K, to rectify the register by substituting the applicant company's name for the respondent company's name as proprietor of a mark which the respondent had

had registered in its name or in the alternative expunction of the mark or for an order that the respondent company assign the mark to the applicant company. Further, the applicant sought a declaration that the respondent company was a constructive trustee of the mark for the applicant company. I shall be dealing with the trust point, but I should point out that Mr. Batts also relied on this case to say that this is what the Claimant in this case should have done, i.e. apply under the Trade Mark Act(our Act section 46). At page 350 G to 351 B, Buckley J. discusses the argument about a constructive trust as follows:

Finally, I must deal with the argument about a constructive trust. Such a trust may arise in a wide variety of circumstances. The court, I think, has never attempted a comprehensive definition of what will cause a constructive trust to arise, and I shall certainly not do so. In the present case, counsel for the applicant relies on...letters... and on cl.8 of the agreement as establishing that it would be unconscionable for the respondent company to claim the benefit of the registered mark against the applicant company. When the letters were written relations between the applicant company and the respondent company were friendly and both parties were interested in the promotion of the sales by the respondent company in the United Kingdom of machines of the applicant company's manufacture. The relationship was not one of a fiduciary nature in any way. The agreement was in force and its termination was not in contemplation, but it was a term of the agreement, as counsel for the applicant company stresses, that if the agreement should be terminated, the respondent company would immediately eliminate the name Archimedes Diehl from its trade name. Counsel for the applicant company says that by implication the respondent company was bound, in that event, to cease to use the name "Diehl" in any way connected with its trade after the determination of the

agreement. Counsel contends that, read against this background, the letters bear a natural inference that the parties intended that the registration should be for the applicant company's benefit. I think the contention is that the trust was an immediate one for the benefit of the applicant company, but a possible alternative might be a trust for the respondent company until termination of the agreement and thereupon for the applicant company. (my_emphasis).

This is not dissimilar from the Defendants argument submitting that there was a trust on terms whilst the distribution agreement was extant.

(f)The Defendants in this case say that pursuant to the distribution agreement, Hype T.V. had the exclusive right to sell HMM's Hype Energy drinks in Jamaica. The Defendants can strongly argue that neither the Defendants nor Hype T.V. have any intention to use or sell any product under the name of Hype Energy other than HMM's product, and nor has there been any such conduct in the past. It is arguable that there is no intention by the Defendants to deceive the public. In **Re Diehl** it was held, at paragraph (ii) of the headnote, 339 as follows:

(ii) *since the court's jurisdiction under s.32 was discretionary the court would not normally, in the exercise of its discretion, deprive a registered proprietor of a mark of the benefit of his registration where he had not occasioned or contributed by act or omission to any possibility of deception or confusion which had arisen since registration; accordingly, since, despite the termination of the agreement, there was no evidence that the respondent had sold, or intended to sell, under its registered mark any machine not manufactured by the applicant company, the continued use of the mark by the respondent company would in no way deceive the public and the court would not order the expunction of the mark.*

(g) There is evidence that initially it was Hype T.V. that invited the owner of Hype Energy drink to look at the Jamaican market, encouraged them to retain Attorneys and register the mark. I agree with Mr. Batts that it is arguably a strange fraudster who would do such things and then only when HMM said go ahead and register the trade mark, decide to "steal" the mark.

(h) As a further or alternative argument the Defendants say that HMM has consented and/ or acquiesced and are as a consequence estopped from denying the entitlement of the Defendants and/or Hype T.V. to prevent the sale, distribution, and/or importation of goods bearing the said trade mark by any other person and/ or entity(paragraph 24 of the Defence). Indeed, Mr. Batts argues that the offensive conduct in this case is the infringement of Hype T.V's trade mark by Mr. Clint Reid and the breach of the distribution agreement by HMM.

74. As part of the Claim, HMM have referred to the distribution agreement. They have asserted a nine month contract and the Defendants have asserted a twelve month contract. I also note that HMM make the curious statement that they offered Hype T.V the option to renew the distribution agreement in October 2006, yet they say that they subsequently entered into an exclusive distribution agreement with Mr. Reid in or about September 2006. September is not subsequent to October. It is highly arguable by the Defendants that if it was a twelve month distribution agreement dated October 2005, that HMM breached the agreement by appointing a new distributor before the expiry of the agreement and by not offering Hype T.V. a right of first refusal. In so far as these facts are relevant to the Claim, and HMM must to some extent be saying they are relevant since they are set out in the claim, I do not feel a high degree of assurance that HMM's assertion of a nine month agreement or that they offered Hype T.V.

a right of first refusal, will prevail. It is in any event, equitable relief that HMM seeks at this stage, and the Court is entitled to expect an applicant for such relief to state accurately and truthfully the relevant facts of the case.

75. I also think that it is arguable by the Defendants(though I do not think that this is their strongest point), that HMM is not the owner of the Trade mark *Hype Energy*. It is technically at any rate, arguable, based on the terms of the Licence Agreement, that it is Global Brands that claims to own the Trade Mark *Hype Energy*, albeit HMM says that it owns 51% of the shares in Global Brands and therefore has a controlling interest in Globalbrands. The Licence Agreement arguably does not confer on HMM the right to register the trade mark in Jamaica or elsewhere. It is arguably only in the event of renewal in a territory that HMM may make the renewal application if Global Brands fails so to do(Clause 6.5).
76. Further, when one looks at the trade mark *Hype Energy* depicted in Schedule 4 to the Licence Agreement, and indeed at certificates for the trade marks *Hype Energy* in the United Kingdom, United States and Australia, it is arguable that it does not appear to be the same, or exactly the same mark *Hype Energy*, which the Defendants have registered in Jamaica. There appears to be a stamp on the letters from HMM "BG4" April 11 2005, and "SMY2" April 9th 2007, similar to the mark registered by the Defendants, but it does not appear to be the same, or exactly the same as the mark depicted in the Licence Agreement. In their further submissions the Claimant's Attorneys make the point that the mark need not be identical and may be similar for action to lie. They refer to the case of **Sabel v. Puma** [1998] ETMR 1, where the European Court of Justice was required to consider the legal yard stick by which trade marks should be compared in determining

whether they are similar. The Attorneys rely upon the case and say that the ECJ held that the comparison of trade mark should involve a "global appreciation of the visual, aural, or conceptual similarity of the marks in question". A global appreciation was necessary because "the average consumer normally perceives a mark as a whole and does not proceed to analyze its various details". The point here again is that there are highly arguable, and somewhat difficult factual and legal scenarios in this case that do not permit me to say that I feel a high degree of assurance that HMM will be able to establish its entitlement at trial.

77. The fact that *Hype T.V.* was registered as a trade mark here in Jamaica before the dealings between the parties and the registration of the trade mark *Hype Energy* is also another matter that, if it is a factor, does not tell in HMM's favour in terms of ultimate success at trial.

78. Further, section 64 of the Trade Marks Act states that:

In all legal proceedings relating to a registered trade mark, including proceedings for the correction of the register, the registration of a person as a proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.

79. As stated by Buckley J. at pages 344 to 345 A of **Re Diehl**, the fact that the Defendants are registered as the proprietor of the mark is prima facie evidence that it is properly so registered and is consequently entitled to protection under the Act. It is for the Applicant Company HMM to displace this primary evidential effect of registration. It would seem to me that without a clear and strong case displacing that effect, the Court ought not ordinarily to deprive the registered owner of such rights on an interlocutory application. This still holds true even though the Defendants say

they hold on trust because they claim that it was a trust on terms whilst the exclusive distribution agreement subsisted.

80. As this is an interlocutory application for equitable relief of a mandatory nature, I observe that the Claim by HMM may need some expansion before there can be a full resolution of the issues. The claim as filed is essentially framed on the basis of fraud and deceit. Although the Claimant does seek a declaration that it is the sole beneficial owner of the trade mark Hype Energy, the present claim does not expressly rely on the law of trusts. It seems to me that the facts and evidence suggest an alternative claim expressly based on the law of trusts, more particularly constructive trusts, as was argued in **Re Diehl**. Sub-section 75(1) of our Trade Marks Act provides that no notice of any trusts express, implied or constructive shall be entered in the Register. However, sub-section 75(2) provides that equities in respect of a trade mark may be enforced in like manner as in respect of any other personal property, subject to the provisions of the Trade Mark Act. I refer to **Morcom, Roughton, Graham & Malynicz** Work entitled **The Modern Law of Trade Marks**, Lexis Nexis Butterworths, 2nd Edition , 2005, paragraph 11.6 at page 240, where similar provisions of the English Trade Mark Act 1994 are discussed. The learned authors state:

...The effect is that, if a situation arises where a proprietor or applicant for registration is to be regarded as holding the registration or application in trust for another party, then the trust can be enforced against him, even though there is no notice of the trust on the register.

This is again a circumstance that contributes to the lack of a high degree of assurance on my part as to HMM being able to establish its entitlements at trial.

81. This leads me to another point which I must raise, and which does not leave me feeling a high degree of assurance that HMM will be able to establish its rights, as presently pleaded and set out at the trial. Section 4 of the Trade Marks Act indicates that the registration of a trade mark under the Trade Marks Act confers a property right on the proprietor of the trade mark who is entitled to the rights and remedies provided by the Trade Marks Act. Sub-section 4(3) states that nothing in the Act shall be construed as affecting the law relating to passing off. Sub-section 5(1) states that subject to section 10 of the Act, the proprietor of a registered trade mark has exclusive rights in the trade mark.

82. However, although nothing in the Act affects the law of passing off, a trader does not get a monopoly in a trade mark or get up as such under the law of passing off. I refer to the Text above-cited, i.e. **The Modern Law of Trade Marks** paragraphs 14.2 and 14.21 page 298 under the heading and sub-heading respectively "Passing Off" and "Not a monopoly in a Name". The authors make the point (at paragraph 14.2) which represents the law as I understand it, that it is the property in the business or goodwill likely to be injured by misrepresentation that is protected by the law of passing off, and not an exclusive right to use a name or trade mark. They continue at paragraph 14.2:

*..This is explained by Parker J. in **Burberry's v. Cording**[1909] 26 RPC 693:*

'The principles of law applicable to a case of this sort are well-known. On the one hand, apart from the law as to trade mark(s), 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 is granted is not property in the word or name but property in the trade or goodwill which will be injured by its use.'

There is no proprietary right in a mark, name or get-up. Where valuable goodwill of a business is damaged by misrepresentation then the effect of the action will be to protect the mark, name or get-up improperly used. An injunction may be granted prohibiting use of a mark, name or get-up, but only because it has been found that the goodwill of a business has been or is likely to be damaged.

At paragraph 14.21 it is stated:

14.21 A trader does not get a monopoly in a trade mark or get-up as such under the law of passing off. In this regard the protection afforded to the owner of goodwill in an unregistered trade mark differs to that afforded to the proprietor of a registered trade mark. Under the law of passing off, it is the traders' business(which is likely to be harmed by the defendant's misrepresentation) which is to be protected. By contrast, the owner of a registered trade mark is given the exclusive rights to exploitation and damage does not found the gist of the action

83. This point can also clearly be seen from the dictum of Lord Oliver in **Rickett-Coleman Products Limited v. Borden** [1990] 1 W.L.R. 491 at 498, referred to at pages 8-9 of the Judgment of Our Court of Appeal in the **K-Mart** case, where Lord Oliver set out the three elements of what a plaintiff must prove to succeed in a passing off claim. In relation to this issue, we need only look at the first element stated by Lord Oliver to see that in the law of passing off the get-up or unregistered trade mark does not stand alone. Lord Oliver said:

The law of passing off can be summarized in one "short" general proposition- no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements

which the plaintiff in such an action has to prove in order to succeed. These are three in number. **First**, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public in association with the identifying 'get-up' (whether it consists of a brand name or a trade description, or the individual features of labeling and packaging) under which his particular goods or services are offered to the public, such that the get-up is recognized by the public as distinctive specifically of the plaintiff's goods and services. (my emphasis).

At paragraph 14.108, under the head "Relationship between passing off and the Trade Marks Act 1994" the authors state:

14.108 Passing off rights may be used to attack trade mark applications and registrations. Under the TMA 1994, S. 5(4), a competitor's trade mark application can be opposed if conflicting passing off rights existed at the date of application. Alternatively a registered mark may be revoked pursuant to s.47(2)(b) if such passing off rights existed at the date of application. Passing off rights acquired after the date of a trade mark application cannot be relied upon under these provisions.

...Section 2(2) of the TMA 1994 provides that "nothing in this Act affects the law relating to passing off". Thus the existence of a trade mark application or registration by a competing party has no effect on the position between those parties under the law of passing off.

84. When one looks at the provisions and overall scheme of the Trade Marks Act it is highly arguable that, as Mr. Brightly states in paragraphs 19 and 20 of his Statement, the substantive examination which the Registrar of Industrial Property is required to conduct is limited to marks which are registered in Jamaica. Further, where a similar or identical earlier trade mark is registered in a jurisdiction other than Jamaica this can only act as a bar to registration of a Trade Mark in Jamaica where such a

mark is assessed to be a well known mark as set out in Section 14 (1) (b) of the Trade Marks Act 1999, which means that the mark is entitled to protection under the Paris Convention as a well known trade mark.

85. At paragraph 12.50 of **The Modern Law of Trade Marks**, page 271, the authors state :

There are no reported decisions of any courts in the United Kingdom as to the requirements for a mark to be "well-known" within the meaning of the Paris Convention. In every case, the question will be one of fact, to be determined on the evidence, although more evidence will be required where the mark is less obviously well-known.

It is important to note that in both of the local decisions of our Court of Appeal cited on behalf of HMM viz. **Kay Mart Ltd. et al v. K-Mart Corporation** (Unreported) SCCA 85/97 , and **McDonald's Corporation v. McDonald's Corporation Ltd.** 33 J.L.R.444, the multinational corporations concerned had their trade marks registered in Jamaica, unlike the circumstances in the instant case.

86. It therefore seems to me that it is arguable that where HMM speak of ownership of goodwill in the trade mark *Hype Energy*(for example at paragraphs 11 and 13 of the Particulars of Claim), the claim in relation to passing off as formulated may be misconceived. In a nutshell, it is arguable that the law of passing off does not secure for a trader a monopoly in an unregistered trade mark as such(absent or in isolation from the question of injury to business or goodwill). I am not at all sure that the law recognizes the concept contended for by HMM's Attorneys(paragraph 38 of the written submissions), of HMM being a "worldwide proprietor of the trade mark *Hype Energy*". A close analysis of the claim will show that as pleaded, much of HMM's claim hinges on the establishment

of that proposition. Where, as here, the claim is not that the Defendants are occasioning or contributing by misrepresentation to any deception or confusion in relation to the Claimants business or goodwill in relation to which the trade mark is associated or used, as opposed to interfering with the monopoly which HMM claims in relation to the trade mark *Hype Energy*, the claim is arguably not really a passing off claim, and is really one that ought to be brought under Section 46 of the Trade Marks Act. This is not a case in which it is pleaded or alleged that the Defendants are representing that their own goods are those of someone else, or that the goods of someone else are theirs. Here the claim seems essentially to be that the mark is disqualified for registration because the application was made in bad faith.

87. For all these reasons, I do not feel a high degree of assurance about HMM's chances of establishing its rights. Further, there is nothing in this case which, exceptionally, suggests to me that the case is one in which withholding mandatory injunctive relief will in fact carry a greater risk of injustice than granting it.
88. In addition, there is the fact of HMM's pending application to the Registrar of Industrial Property seeking invalidation of the Defendants' trade mark registration. The existence of these proceedings provides an additional basis why it would be inappropriate to grant the relief sought at this stage because:
- (a) Making the mandatory orders sought herein is likely to amount to a pre-judgment of the issues before the Registrar of Industrial Property;
 - (b) Making the orders sought may influence the decision of the Registrar;
 - (c) There appears to be a certain amount of overlap between the application before the Registrar and the real relief sought in this claim and this needs to be sorted out. I note that the

sections of the Trade Mark Act that deal with Revocation and Invalidity, sections 44 and 46, allow for applications to be made to either the Registrar or the Court in certain circumstances, to the Court only in other situations, and in certain circumstances the Registrar may at any stage refer the application to the Court.

89. In the end, the course which appears to carry the lower risk of injustice if it should turn out to be wrong in the sense described by Lord Hoffman in **Films Rover**, is to refuse the injunctive relief sought at this interlocutory stage. Granting the mandatory injunctive relief would not in my judgment produce a fair result. I am of the view that as in the **Zocholl Group** decision, this case calls for an expedited or speedy trial. I will make such case management orders as are appropriate to expedite the hearing and delineate the relevant issues.
90. My orders are as follows:
- (a) Hype T.V.(Jamaica) Limited is to be joined as a Defendant in this action.
 - (b) Service on Hype T.V.'s Attorneys at Law, Livingston, Alexander & Levy of the Claim Form and Particulars of Claim is deemed good service.
 - (c) Hype T.V. is to file and serve its Defence within 21 days of the date of service of the Claim Form and Particulars of Claim.
 - (d) The Claimant's application for Court orders including interlocutory injunctive relief dated 22nd March 2007 as amended is dismissed.
 - (e) There is to be a speedy trial of this action fixed for 29th to 31st October 2007 (3 days)
 - (f) Permission to appeal, if required is granted.
 - (g) Costs to be Costs in the Claim.

- (h) Permission is granted to the Claimant to add Global Brands Trading and Consult AG as a Claimant on condition that Global Brands' written consent is filed with the Registry in Accordance with Rule 19.3(4) of the C.P.R. 2002, by the 8th of June 2007.
- (i) The parties are granted permission to make amendments to their respective Statements of Case consequent upon the addition of a new Claimant and a new Defendant.
- (j) Case Management Conference fixed for 24th July 2007 at 10.30 a.m. for half an hour.
- (k) Claimant's Attorneys-at-law to draft, file and serve the Order.