

TRINIDAD AND TOBAGO

IN THE HIGH COURT OF JUSTICE

H.C.A. No. Cv1954 of 1997

Chen

BETWEEN

IN THE MATTER OF THE TRADE MARKS ACT, CHAPTER 82:81

AND

IN THE MATTER OF THE REGISTERED TRADE MARK NO. 14602 OF 1984 "FRESIDENT" REGISTERED IN THE NAME OF K. C. CONFECTIONERY LIMITED OF 298 SOUTHERN MAIN ROAD, COUVA, IN THE REPUBLIC OF TRINIDAD AND TOBAGO IN RESPECT OF CERTAIN GOODS IN CLASS 42.

Before The Honourable Mr. Justice P. Jamadar

APPEARANCES

Mr. M. Morgan & Mr. K. Garcia for the Applicant

Mr. B. A. Reid for K. C. Confectionery Limited

JUDGMENT

HISTORY

On the 31st July, 1997, the Applicant W. M. Wrigley Jr. Company (Wrigley's), issued a Notice seeking the following relief:-

1. An Order that the Register of Trademarks may be rectified by expunging therefrom the whole entry relating to the above-mentioned registered trademark No. 14602 of 1994, on the grounds that the entry of the same was made in the Register without sufficient cause and/or the entry of the same wrongly remains on the Register;
2. An Order that K. C. Confectionery Limited do pay the costs of and incidental to this application; and
3. Such further or other relief as to the Court shall seem just and necessary.

HC - 1954/97 Re. KC Confectionery.

This Notice was directed to the Registrar of the High Court, The Registrar of Trademarks and K. C. Confectionery Limited (K. C.). On the issue of the said notice, a date of hearing was given, being the 25th September, 1997. On the first date of hearing (25th September, 1997), the record reveals that Mr. Garcia appeared for the Applicant and Mr. Reid appeared for K. C. The order made on that occasion was as follows:-

By consent draft directions, Applicant to file affidavit in support of motion by 16th October, 1997. The Respondent to file affidavit in opposition by 16th November, 1997. Applicant to file affidavit in reply if any by 20th November, 1997. Adjourned 4th December, 1997 for further directions. (Emphasis mine).

Thereafter, on the 4th December, 1997 and on the 26th February, 1998 when the matter was called, the Applicant had filed no affidavits in support of its motion and the time for doing so and for filing the 'Respondent's' affidavit in opposition, were extended. Indeed, on the 26th February, 1998 the Respondent, K. C., was awarded the costs of the day.

In the interim, Attorneys representing K. C., by letter dated 9th September, 1997, requested from the Applicant's Attorneys, security for costs in the sum of \$50,000.00. On the 24th September, 1997, the Applicant's Attorneys replied offering to pay \$35,000.00 as security for costs. By letter of the 1st October, 1997, Attorneys for K. C. rejected the offer of \$35,000.00 and insisted on \$50,000.00. It seems discussions continued between the respective Attorneys, culminating in a letter dated 31st March, 1998, from the Attorneys for K. C., fixing a deadline of 4.00 p.m. on the 2nd April, 1998, by which the Applicant had to agree to the sum of \$50,000.00, failing which an application would be made by K. C. for security for costs. On the 2nd April, 1998, Wrigley's refused K. C.'s request for security for costs. **As a consequence, on the 9th April, 1998, K. C. took out the summons that arises for determination before this Court, seeking an order that the Applicant provide security for K. C's costs of this action, on the ground that Wrigley's is ordinarily resident out of the jurisdiction.**

PRELIMINARY MATTERS

- a. On the 24th June, 1998, when the said summons of the 9th April, 1998, was called, Counsel for K. C., Mr. Reid, indicated that he intended to take a preliminary point. The affidavits in support of the summons were those of L. Boyack filed on the 15th April, 1998, and the 16th April, 1998. For Wrigley's, two affidavits were filed, one of Merle Martin filed on the 22nd April, 1998, and another of Steven Huston filed on the 20th May, 1998.

The preliminary point taken, was that Attorneys for Wrigley's could not read and use the said affidavit of Steven Huston, which was duly deposed to before a Notary Public in the State of Illinois, United States of America. This because, pursuant to section 61 of the Interpretation Act, Ch. 3:01, there must be evidence that the person seeking to administer the oath was authorised by the law of Illinois to do so. Reliance was placed on the learning at 41/12/6 of the 1997 Supreme Court Practice.

Mr. Morgan in answer, drew the Court's attention to section 2 of the Evidence Amendment Act, 1996, Act No. 11 of 1996, which provides that a document attested to in a foreign country bearing the seal and signature of a notary public, shall be admitted without proof of the seal, signature or due authorization and shall be effectual as if administered before any lawful authority in Trinidad and Tobago. This was a complete answer to Mr. Reid's submission. In reply Mr. Reid conceded that his preliminary point was hopeless and confessed that he had been unaware of Act No. 11 of 1996. However, not only was this preliminary point hopeless and a waste of judicial time, but also, it was contrary to an agreement made between Counsel on the 22nd April, 1998, that this affidavit be sworn in the United States of America, faxed to Trinidad and Tobago and filed as such, in order to save time (see faxed affidavit of Steven Huston filed on 5th September, 1999).

In the circumstances, this Court ruled against K. C. on the said preliminary point and ordered K. C. to pay the Applicant's costs of the day, certified fit for advocate Attorney-at-Law. On the application of Mr. Reid, leave was granted to K. C. to appeal on the question of costs.

- b. On the 25th June, 1998, after an initial objection by Mr. Reid, it was ordered by consent that leave be granted to Wrigley's to read and use paragraph 3 of the affidavit of Ricardo Eduardo filed on the 12th March, 1998, in this application only. This was agreed without prejudice to K. C.'s right to object to the use of that paragraph, or the entire affidavit of Ricardo Eduardo, at the hearing of the Notice herein or any other application in this cause.

THE ARGUMENTS

1. The status of K. C. in these proceedings.

Though taken in answer, the first argument that ought to be dealt with is one raised by Mr. Morgan for Wrigley's. He argued that in these proceedings, K. C. does not have the status of a defendant for the purpose of **Order 23 Rule 1**, since no relief is claimed against it. Therefore, K. C. cannot make this application for security of costs.

The relevant part of **Order 23 Rule 1** states as follows:-

23.1 Where, on the application of a defendant to an action or other proceeding in the High Court, it appears to the Court -

- a. That the plaintiff is ordinarily resident out of the jurisdiction, . . . then if, having regard to all the circumstances of the case, the Court thinks it just to do so, it may order the plaintiff to give such security for the defendant's costs of the action or other proceeding as it thinks just. (Emphasis mine).**

Mr. Morgan's argument, was that though K. C. is a party to the action, it is not a defendant because no relief or order is sought against it. Further, that as the substantive application is made under section 46 of the **Trade Marks Act**, Ch. 82:81 (The Act), it is primarily directed to the Registrar of Trade Marks and any order made would be against same, directing the Registrar of Trade Marks to rectify the register of trade marks kept

under the Act. In Mr. Morgan's submission, K. C. is only a party to these proceedings because of the rules of natural justice.

In support of this submission, Mr. Morgan cited the case of Taly NDC v Terra Nova Insurance (1986) 1AER 69 C. A. This case is authority for the proposition, that a third party does not become a defendant on receipt of a third party notice, but was merely a party to the action. Furthermore, that a third party only becomes a defendant when an application by him to defend the action was granted (and that was not the case in Taly NDC). Thus, since **Order 23 Rule 1** specifically deals with parties who were in the position of defendant, a third party who had not been granted leave to defend and was therefore not in the position of a defendant, was not entitled to security for costs against a plaintiff in the action, even if the plaintiff had made an interlocutory application against the defendant. (see pages 69 g and 71 c to g).

Indeed, at page 72c, Croom-Johnson, L. J. had this to say:-

The right to ask for security for costs under Ord 23, where the plaintiff is not resident within the jurisdiction, is purely devoted to people who are plaintiff and defendant in the proceeding as a whole. There is no remedy which is being asked for here by the plaintiff directly against the third party. They are not therefore in the position of plaintiff and defendant in that proceeding.

Though on the surface the argument of Mr. Morgan appears sound, I do not think it applies to the situation before this Court. First, in this matter, the relationship between Wrigley's and K. C. is not akin to that between a plaintiff and a third party. K. C. is before this Court by reason of this application brought by Wrigley's, who named K. C. as a party to be served. Moreover, this Applicant does seek relief against K. C., to wit, that K. C. pay the costs of the application. However, the fundamental distinction between the relationship of a plaintiff and a third party (such as in the Taly NDC case) and the Applicant (Wrigley's) and K. C., is that this is an application to expunge an existing trade mark duly applied for, published, approved and registered since the 6th July, 1987 (renewed on the 22nd January, 1998) and existing in favour of K. C. (see paragraph 5 of the affidavit of Merle Martin). Thus, K. C. is the party directly involved and affected by

the substantive Application, in whose favour a presumption of validity exists (see section 5 of the Act).

Finally, in the lead judgment of Parker L. J. in Taly NDC, he stated at page 71 e - g:-

The third party, on receipt of the third party notice, becomes a party to the action, but he does not become, vis-a-vis the plaintiff, a defendant. It is provided by Ord 16, r 4(4) that directions may be given that the third party be given leave to defend the action, either alone or jointly with any defendant on such terms as may be just or to appear at the trial and take such part etc.

If a third party is given leave to defend the action alone, plainly he then becomes in the position of a defendant in the action. If he is given leave to defend jointly with the defendant, in my view he would also become a defendant. In such circumstances, I have no doubt that it would be open to him to apply for security for costs. But, when he applied for directions that he should be given leave to defend the action, the plaintiff would be entitled to be heard and might be able to persuade the judge that no such direction should be given.

In the present case no such order has been made, and this court cannot know whether any application for such an order will be made, much less whether any such application would be successful.

As I have already pointed out above, not only was K. C. from the outset served with these proceedings, but on the very first date of hearing, when Counsel for both the Applicant and K. C. appeared (the record does not indicate whether the Registrar of Trade Marks was ever served with these proceedings or ever appeared concerning them), a consent order was made, the only reasonable interpretation of which, is that K. C. was being treated as **'the Respondent'** opposing this action by the Applicant. Furthermore if there was any doubt, the consent order of the 25th July, 1997 made herein, which purported to give directions for the further conduct of this action, made it clear that all parties, including the Court, thereafter treated K. C. as a defendant to this action. Thus, in my opinion, K. C. is a party to this action in the nature of a defendant and entitled to bring this application for security of costs.

2. Security for costs

It is accepted by Counsel for both Wrigley's and K. C., that the Applicant is ordinarily resident out of the jurisdiction, its central management and control being in Illinois, United States of America. Nevertheless, it is a matter of discretion, having regard to all the circumstances of the case, whether it is just to order security for costs against Wrigley's. In the exercise of that discretion and relevant to the circumstances of this case, the following general principles must be borne in mind. First, **'it is the usual ordinary or general rule of practice of the Court to require the foreign plaintiff to give security for costs, because it is ordinarily just to do so'** - (see, **Supreme Court Practice, 1997, 23/1 - 3/3** and **Porzelack K G v Porzelack (UK) Ltd** (1987) 1 AER 1074 at 1077 b. Second, **'security will not be required from a person (or a foreign company) permanently residing out of the jurisdiction, if he has substantial property, whether real or personal within it,'** provided the property is of **'a fixed and permanent nature, which can certainly be available for costs, or such as common sense would consider to be so'** - see, **Supreme Court Practice, 1997, 23/1 - 3/4;** citing **Re Apollinaris Co's Trade Marks** (1891) Ch. Div 1. Third, a major factor to be considered is the likelihood of the Plaintiff succeeding, provided **'it can be clearly demonstrated one way or the other that there is a high degree of probability of success or failure'** - see **Supreme Court Practice, 1997, 23/1 - 3/2,** citing **Porzelack K.G. v Prozelack (U.K.) Ltd.**

Before this Court, both Counsel for Wrigley's and K. C. cited with approval the judgment of Jairam J in **Garibdass v Sookhan** H.C.A. No. S. 2001 of 1992 at pages 29 to 32, where the principles governing the award of security for costs were considered and outlined. It is important to note however, that the case before this Court, unlike the one before Jairam J., is not one where the proposed order for security of costs sought against Wrigley's (TT \$50,000) is likely in any way to deter it from pursuing its claim herein. On the contrary, as the discussion set out hereunder will demonstrate, the more pertinent issue in this case, is whether, if K. C. succeeds in resisting Wrigley's claim to expunge KC's mark **'KC FRESIDENT'** from the trade mark register, it will be able to recover from Wrigley's any costs awarded in its favour.

First, the Applicant's likelihood of success. This Court allowed Mr. Morgan the opportunity to demonstrate that the Applicant has a 'very high probability of success' in this case - see Prozelack at page 1077 c - h. However, in spite of Mr. Morgan's thorough and insightful analysis of the facts, given the law and the factors to be considered in determining the probability whether visual and/or oral confusion may be caused to ordinary users and consumers of chewing/bubble gum by KC's mark **'KC FRESIDENT'**, when compared to Wrigley's mark **'FREEDENT'**, this Court is not persuaded that at this stage in the proceedings, it is possible to say that it has been clearly demonstrated that there is a high probability that the Applicant will succeed in this case.

In this regard, it is worth quoting Browne-Wilkinson V. C. in Prozelack, where at page 1077 e, he said:-

Undoubtedly, if it can clearly be demonstrated that the plaintiff is likely to succeed, in the sense that there is a very high probability of success, then that is a matter that can properly be weighed in the balance. Similarly, if it can be shown that there is a very high probability that the defendant will succeed, that is a matter that can be weighed. But for myself I deplore the attempt to go into the merits of the case unless it can be clearly demonstrated one way or another that there is a high degree of probability of success or failure.

In the case before this Court, as I have already stated, K. C. has operating in its favour a long standing trade mark, which Wrigley's now seeks, some ten years after it was duly registered (in 1987), to have expunged from the register of trade marks. To this extent, this case is very different from a case of infringement, where what is being resisted is the use of a mark which is not registered.

Though s. 46 of the Act permits an application such as the one brought by Wrigley's, to have expunged from the register of trade marks an existing trade mark, in my opinion, in addition to all the considerations cited to determine whether or not the mark challenged so nearly resembles the challenging mark as to be likely to deceive or cause confusion, relevant factors must be, not only the fact of long standing registration of the challenged mark, but also the effect of long standing usage in the public domain *vis a vis* deception

or confusion. This latter matter can only be properly resolved after hearing evidence and not at this preliminary stage.

In any event, the usual factors, such as the look and sound of the marks; the idea of the mark or its resemblance, (in this case the prefix 'KC' is part of the challenged mark); the common elements in the marks, (in this case there is only one different letter in the words 'freedent' and 'fresdent'); the importance of the first syllables; phonetic considerations; first impressions; the nature of the consumers; the actual usage and the circumstances of the trade (see - Kerly's Law of Trade Marks, 11th ed. Chapter 17,) when weighed in the balance at this stage of the proceedings, without the benefit of fuller evidence in the area of phonetics and actual usage, makes it difficult for this Court to say, with the degree of certainty contemplated by the authorities, that this Applicant has a high probability of success, or that K. C. is likely to fail. In my own opinion, at this stage, K. C.'s case is certainly arguable.

Second, does the Applicant have a fund available within the jurisdiction which is available for costs. In Porzelack, Browne-Wilkinson V. C. pointed out that: 'The purpose of ordering security for costs against a plaintiff ordinarily resident outside the jurisdiction is to ensure that a successful defendant will have a fund available within the jurisdiction of this court against which it can enforce the judgment for costs' (at page 1076 j, emphasis mine).

However, the learned Vice Chancellor went on to point out, that in the context of the United Kingdom; '**If the plaintiff outside the jurisdiction is resident in the United Kingdom . . . it is established that no security for costs ought to be awarded, since the judgment of the Court in England is readily enforceable in the Scottish or the Irish Courts under the Judgments Extension Act, 1868**' (at page 1077 j to 1078 a).

In this regard, Mr. Morgan argued as follows. First, that Wrigley's does have assets in Trinidad and Tobago, these being the receivables from its agent in Trinidad and Tobago, Marketing and Distribution Ltd. (see paragraph 3 of the affidavit of Richardo Edwards).

These receivables for 1998 were estimated to be US \$240,000.00 (see paragraph 10 of the affidavit of Steven Huston). A profile of its receivables (remittances) from 1993 to 1997, show a continuous increase from US \$34,000.00 in 1993 to US \$230,000.00 in 1997, and indeed, from 1995, that sum has been in excess of US \$140,000.00. (see paragraph 9 of the affidavit of Steven Huston). In Mr. Morgan's submission, these receivables are a fund, as contemplated by Browne-Wilkinson V. C. in Porzelack, available within the jurisdiction against which an order for costs can be enforced.

Further, Mr. Morgan submits that Re Apollinaris is authority for the proposition, that receivables or book debts are a fund against which an order for costs can be enforced. Also, Mr. Morgan submits that the Judgments Extension Act, Ch. 5:02 of Trinidad and Tobago, provides that English judgments are enforceable in Trinidad and Tobago on the basis that a reciprocal act exists in England. That reciprocal Act is the **Administration of Justice Act, 1920** UK, which provides that a judgment in Trinidad and Tobago is enforceable in England by registration (see section 14 and **Order in Council 1922**, No. 125). Therefore, he suggests, English assets would be treated by a Trinidad and Tobago Court in the same way that Scottish assets would be treated by an English court. In this regard, Counsel points out that Wrigley's holds assets worldwide, including a factory in Devon, England (see paragraph 5 affidavit of Steven Huston). Counsel therefore submits, that *prima facie* an order for security of costs should not be made (see Porzelack at 1078a).

Of course, the distinction to be made on the facts, is that in this case, though Wrigley's has assets in England, it is not resident there. However, by the **Administration of Justice Act, 1920**, a Trinidad and Tobago judgment may, '**if in all the circumstances of the case.....it is just and convenient**', be enforced in the United Kingdom (see section 9).

In my opinion, the difficulty with this latter submission, as to the enforceability of a Trinidad and Tobago judgment in England against Wrigley's assets there, is the uncertainty of its availability for costs (see Ebrard v Gassier (1884) 28 Ch. D. 232 at

235). In **Ebrard**, the Court of Appeal held that the affidavit as to the property of the plaintiffs in England was ambiguous and insufficient to avoid an order for security for costs being made. I hold a similar view on the bold statement by Steven Huston at paragraph 5 of his affidavit, with respect to Wrigley's assets in England. I would have thought, like Bowen L. J. in **Ebrard**, that since affidavits are drawn by skillful professional persons and since this affidavit of Steven Huston was drawn for the particular purpose of resisting KC's application for security for costs, that greater detail would have been given about Wrigley's assets in England.

However, as Lord Halsbury L. C. said in **Re Apollinaris** (at page 3), **'we must apply our common sense'** in deciding whether a fund exists that is available for costs. In **Re Apollinaris**, the Court in considering all the circumstances, took note of the **'nature of the business'** carried on by the plaintiff and **'the amount of stock possessed by them,'** and concluded that **'it is impossible to doubt that their assets in this country will be found capable of answering any possible costs . . . and therefore an order for security for costs ought not to be made'** (at page 3).

In my opinion, it is this kind of broad common sense approach that is required in a case such as the one before this Court. Wrigley's has had its products sold in Trinidad and Tobago since 1982. On the evidence before me, from 1993 to 1997 those products have enjoyed a significant increase in market sales, reaching US \$230,000.00 in 1997, and expected to be US \$240,000.00 in 1998. Clearly, Wrigley's intends to remain in the Trinidad and Tobago market, the proof of that not simply being in its increasing product sales, but in its decision to bring this action to have the mark **'KC FRESIDENT'** expunged from the Trinidad and Tobago trade mark register.

In my opinion therefore, notwithstanding the ambiguity noted with respect to Wrigley's English assets, there exist in Trinidad and Tobago **'goods and chattels . . . sufficient to answer the possible claim . . . and which would be available to execution'** (see **Re Apollinaris**, at page 3). Those **'goods and chattels'**, are the receivables estimated as being in excess of US \$200,000.00. This is a fund available within Trinidad and Tobago

against which K. C. can enforce any judgment for costs it may obtain in this action. It is a fund, more than sufficient to cover costs estimated to be in the region of TT \$50,000.00 (a figure conceded by counsel for K. C. as being excessive, given certain admitted overlaps in the proposed bill of costs).

CONCLUSION

Thus, although the general practice is to require non-resident plaintiffs to give security for costs, this is only justified where it is just to do so; that is, where there is a reasonable likelihood that if the defendant succeeds, it will not be able to recover from the plaintiff any costs awarded in its favour, all other factors being equal.

In exercising my discretion in this case, though I place reliance mainly on the fund available in Trinidad and Tobago (in the form of Wrigley's annual receivables from its agent in Trinidad and Tobago), it is also a relevant consideration that if no security is given, K. C. may enforce a judgment for costs in England against the assets of Wrigley's held there. Weighing all of these factors in all the circumstances of this case, I am of the opinion that, in this case, in principle, it is not right to make an order for security for costs in favour of K. C. (and this despite earlier offers by Wrigley's to do so in the sum of TT \$35,000.00).

I will therefore dismiss K.C.'s summons of the 9th April, 1998, and order K. C. to pay one-half of Wrigley's costs of same, certified fit for advocate Attorney-at-Law.

Dated this 25th day of October, 1999.

P. Jamadar
Judge