IN THE COURT OF APPEAL OF BELIZE, A.D. 2014

CIVIL APPEAL

KARINA ENTERPRISES LIMITED **Applicant**

v

CHINA TOBACCO ZHEJIANG INDUSTRIAL CO. LTD.
KINEA INTERNATIONAL S.A.
KEVAL INTERNACIONAL S.A.
B & C INTERNATIONAL LTD.
THE ATTORNEY GENERAL OF BELIZE

Respondents

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BEFORE:

The Hon. Mr. Justice Dennis Morrison	-	Justice of Appeal
The Hon. Mr. Justice Samuel Awich	-	Justice of Appeal
The Hon. Madam Justice Minnet Hafiz-Bertram	-	Justice of Appeal

E. H. Courtenay, SC along with K. Musa for the Applicant
G. Smith, SC along with L. Mendez for the Claimants/Respondents

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16 June and 7 November 2014

MORRISON JA

[1] I have had the advantage of reading in draft the reasons prepared by Hafiz-Bertram JA for the decision given by the court on 16 June 2014. I am in full agreement with my learned sister and have nothing to add.

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MORRISON JA

AWICH JA

[2] I concur in the reasons stated in the judgment of Madam Justice Hafiz-Bertram for the decision and orders made by this Court on 16 June 2014, granting leave to the applicant to appeal the judgment dated 26 October 2011, of the learned trail judge, Legall J. I agree that the judgment and orders of Hafiz-Bertram JA be adopted as the judgment and orders of this Court.

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AWICH JA

HAFIZ-BERTRAM JA

Introduction

[3] Karina Enterprises Limited ("the Applicant"), by Notice of Motion dated 30 November 2012, applied for leave to appeal the decision of Legall J, in Claim No. 896 of 2010 and in respect of which the Supreme Court of Belize declined to grant leave to appeal. The Applicant also applied for a stay of the proceedings and for costs. The application for leave was made pursuant to section 14(3) (b) of the Court of Appeal Act, which provides that no appeal shall lie from any order referred to in paragraph (g) or (h) of subsection (1) except with leave of the Supreme Court, or, if it refuses, of the Court. Legall J dismissed the applicant's application for leave to appeal and a fresh application was made to this court. On 16 June 2014, the court heard the application for leave and granted same in terms of the orders sought in the Notice of Motion. We promised to put our reasons in writing and I do so now.

[4] The Notice of Motion was supported by an affidavit sworn by Danish Hotchandani on 30 November 2012 which showed a background to the

application. Claim No. 896 of 2010 ("the claim") was instituted by the respondents against the applicant for 'Passing Off' with respect to the cigarette brands MODERN and MODERN GOLD ("the trade marks"). Prior to the institution of the claim, the applicant had applied to the Belize Intellectual Property Office (BELIPO) to be registered as the proprietor of the trade marks. The respondents then lodged a Notice of Opposition to the application, but failed to pursue same by affidavit evidence as required by the Trade Mark Rules. The Deputy Registrar thereafter granted registration of the trade marks in favour of the applicant.

[5] The Respondents had obtained an injunction issued on 24 February 2011, by the Supreme Court in the claim against the applicants in respect to the trade marks. After the registration of the trade marks, the applicants filed a Notice of Application to have the injunction lifted. At the hearing of the application to lift the injunction, Legall J made three orders, namely: "(i) The amendment to the claim form asking for an order to quash the decision of the Deputy Registrar allowing the registration of the trade marks "Modern" and "Modern Gold" is struck out; (ii) The Deputy Registrar failed to comply with section 37(4) (a) of the Trade Marks Act, Chapter 257 and therefore erred in registering the trade marks in favour of the applicant, which registration is not valid; (iv) the parties to bear their own costs." The applicant then filed a notice of appeal against these orders and also made an application for leave to appeal before Legall J. The application for leave was refused and the applicant was ordered to pay costs in the sum of $1,500.00.

[6] The applicant then made an application to this Court for leave to appeal the decision of Legall J. The grounds of the application for leave to appeal were (i) that prima facie errors were made in the decision of Legall J. (ii) there are arguable grounds of appeal with reasonable prospects of success on the basis of the intended grounds of appeal as set out in the affidavit of Mr. Hotchandani (iii)

the appeal would raise issues of general principle and (iv) issues raised in the appeal are of general importance for litigation and practice.

Test for the grant of leave

[7] There is no dispute between the parties as to the test for the grant of leave. Both learned senior counsel, Mr. Courtenay and Mr. Smith referred the court to decisions of this court which aptly set out that test. In **Prime Minister & Minister of Finance v Vellos,** Civil Appeal No. 11 of 2008 (unreported) dated 14 March 2008, this court approved **James Wang v Atlantic Insurance Co. Ltd.,** Action No. 114 of 1998, where the Supreme Court of Belize considered the issue of leave to appeal to the Court of Appeal. Carey JA in the **Vellos** case said that the **Wang** case set out the circumstances in which such leave would be granted and that that view had never been doubted or called into question. In the **Wang** case, a judgment of Sosa J, (as he was then), the court adopted the circumstances in which the Court of Appeal in England would grant such leave. Sosa J stated that, "…. "Circumstances in which leave will be granted" appearing in The Supreme Court Practice 1991, Volume 1, page 964, at paragraph 59/14/7, leave will be granted by the English Court of Appeal in three categories of case, viz.:

1. where they see a *prima facie* case that an error has been made;
2. where the question is one of general principle, decided for the first time; and
3. where the question is one of importance upon which further argument and a decision of the Court of Appeal would be to the public advantage."

[8] The court was further referred by the parties to **In Practice Note (Court of Appeal: procedure)** [1999] 1 All ER 186, where Lord Woolf MR set out the

practice in relation to applications for leave to appeal. At paragraph 10 of the Directions, page 187, he states:

> "….The general rule applied by the Court of Appeal, and thus the relevant basis for first instance courts deciding whether to grant leave, is that leave will be given unless an appeal would have no realistic prospect of success. A fanciful prospect is insufficient. Leave may also be given in exceptional circumstances even though the case has no real prospect of success if there is an issue which, in the public interest, should be examined by the Court. Examples are where a case raises questions of great public interest or questions of general policy.."

[9] Further at paragraph 17, Lord Woolf MR states the practice for appeals from interlocutory orders :

> "An interlocutory order is an order which does not entirely determine the proceedings … Where the application is for leave to appeal from an interlocutory order, additional considerations arise: (a) the point may not be of sufficient significance to justify the costs of an appeal; (b) the procedural consequences of an appeal (eg loss of the trial date) may outweigh the significance of the interlocutory issue; (c) it may be more convenient to determine the point at or after the trial. In all such cases leave to appeal should be refused."

[10] In **Belize Telemedia Ltd. v Attorney General et al,** Civil Appeal No. 23 of 2008, this Court accepted these additional considerations which applied to interlocutory appeals and adopted the above **Practice Note**.

[11] Therefore, in order to obtain leave to appeal, the applicant had to (i) satisfy the court that it had a real prospect of success as stated by Lord Woolf MR (ii) satisfy the court on either one or more of the three categories, as stated by Sosa J (as he was then) at paragraph 7. (iii) Additionally, since this was an interlocutory matter, the applicant had to satisfy the court that none of the additional considerations arose as stated by Lord Woolf MR at paragraph 8 above.

Whether there were *prima facie* errors in the judgment of Legall J

[12] Learned senior counsel, Mr. Courtenay contended that the test that needed to be satisfied in this case, in relation to the categories set out in the **Wang** case, was whether or not *prima facie* errors had been made by the learned trial judge. He submitted that the learned trial judge fell into error by asking himself the wrong question and answering a question that does not support a declaration of invalidity. Also that the learned trial judge should not have considered the validity of the registration of the trade marks as the decision of the Deputy Registrar could only have been quashed by judicial review proceedings. He contended that the claim in the court below was not a public law proceeding seeking administrative orders but, a private law claim for passing off. Learned senior counsel also drew to the court's attention that although the Attorney General was added as a party, the trial judge refused the application to add a public law challenge to quash the decision of the Deputy Registrar.

[13] Learned senior counsel, Mr. Courtenay further submitted that it can be seen at paragraphs 6 and 7 of the judgment of Legall J dated 8 November 2011, that he took into consideration whether the Deputy Registrar considered section 37(4) (a) of the **Trade Marks Act** ("the Act") and he concluded that: *"It is perhaps the case that the Deputy Registrar, … did not consider section 37(4)(a). In my view, the Deputy Registrar was bound to consider section 37(4) (a) of the Act before registering the marks, which she seems to have failed to do; and as such the Deputy Registrar, in my view, erred in registering the said trade marks in favour of the first defendant."*

[14] Learned senior counsel, further submitted that at paragraph 8 of the decision dated 27 June 2012, in which the learned trial judge refused leave to appeal, it showed his erroneous approach to the issue. Mr. Courtenay argued that though this reasoning post-dated the actual decision for which leave to

appeal was sought, it was relevant as it revealed the judge's rationalization of his earlier decision. At paragraph 8, the learned trial judge said:

> "Had she considered the said section [37(4)(a)], and the claim and other pleadings served on her, as mentioned in the decision dated 8th November, 2011, it is not unreasonable to say that she could not have properly registered the trade mark. The fact that the opposition to the registration was abandoned, did not preclude the Deputy Registrar from discharging her duty, and complying with section 37(4)(a) of the Act before registering the trade mark. The burden is on the first defendant to prove its submission that the registration was proper and legal; and had the Deputy registrar considered and applied that section, she should have, in order to satisfy that burden, produced sworn or other evidence, that she did consider the section, but this was not done. I do not see a realistic prospect of success on these grounds."

[15] Learned senior counsel, Mr. Smith, in response submitted that it was competent and proper for Legall J to find that the Deputy Registrar had failed to comply with section 37(4) (a) of the Act which is stated in mandatory terms as he was seised of the claim in passing off, had granted an injunction in relation to the claim and was therefore well-placed to form the view that the registration of the trade marks was liable to be prevented because of the passing off claim. Further, learned senior counsel contended that the Registrar's discretion and power to register trade marks under section 18(1) (b) which provides for "Registration", cannot be exercised in isolation from section 37(4)(a) of the Act, which provides for "Grounds for Refusal of registration." Learned senior counsel further submitted that the application by the applicant to vary the injunction gave rise to the preliminary issue as to whether the trade marks were validly registered by the Deputy Registrar in light of section 37(4) (a) of the Act. He referred to the judgment and said that the trial judge noted that the Attorney General was added as a party by consent and thereafter he stated the preliminary issue for consideration as: "*This ruling considers the preliminary issue whether the registered trademarks issued to the first defendant (the Applicant) by the Deputy Registrar is valid."*

[16] At the leave stage, as pointed out by learned senior counsel, Mr. Smith in his submissions, this court is not required to review or rule on the exercise of the judge's discretion in the way he had done but, to consider a fresh application for leave to appeal. In doing so, the court should be informed by the same principles as the trial judge. See **Belize Telemedia Ltd. v Attorney General et al** *(supra)* as opined by Carey J, at paragraph 6 of the judgment.

[17] Learned senior counsel, Mr. Courtenay as shown above, stated that one of the errors of law made by the trial judge was the question as to whether the Deputy Registrar considered section 37(4) (a) of the **Act** and that he arrived at the wrong conclusion by making a declaration of invalidity. The learned trial judge in his ruling stated that he was considering the "*preliminary issue"* as to whether the registered trademarks issued to the applicant by the Deputy Registrar were valid. Section 37(4)(a) of the Act provides that:

> (4) *A trade mark shall not be registered if, or to the extent that, its use in Belize is liable to be prevented –*
> *(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade; or*

[18] The learned trial judge in considering this issue made a declaration of invalidity without a scintilla of evidence from the Deputy Registrar. It was open to the learned trial judge pursuant to section 69 of the Act to direct the Registrar to appear and be heard in relation to the issue of invalidity. Section 69 (1) (b) of the Act provides that in proceedings before the court involving an application for a declaration of invalidity of the registration of a trade mark, the Registrar is entitled to appear and be heard if she is so directed by the court. I am of the view, that since there was no evidence from the Deputy Registrar on the issue of the registration of the trade marks before the learned trial judge, when he

determined the invalidity of the trade marks, he *prima facie* made an error in making the declaration of invalidity.

[19] Mr. Courtenay stated that another error made by the learned trial judge was that he should not have considered the validity of the trade marks since the decision of the Deputy Registrar could only have been quashed by judicial review proceedings. There was no public law challenge before the learned trial judge and he had refused an application by the Claimants/Respondents, (after the Attorney General was added as a party), to amend the claim to add a public law challenge to quash the decision of the Deputy Registrar. Nevertheless, in the private law claim for passing off, the learned trial judge made a declaration of invalidity of the trade marks. In my view, it is certainly arguable that a challenge to the validity of the registration made by the Registrar had to be on public law grounds. Therefore, the learned trial judge, *prima facie* made an error when he declared that the registration of the trade marks was invalid in the private law claim for passing off.

Additional considerations in relation to interlocutory orders

[20] Learned senior counsel, Mr. Smith submitted that one of the three additional considerations in relation to application for leave to appeal an interlocutory order, operated against the applicant as there will be loss in trial date (a delay) of the passing off claim. Learned senior counsel, Mr. Courtenay in response submitted that the significance of the interlocutory issue was sufficient to outweigh the delay of the trial.

[21] In my respectful view, the learned trial judge in this case effectively made a final order in favour of the respondents when he ordered that the registration of the trade marks was invalid. I agreed with the submission of learned senior counsel, Mr. Courtenay that this is a significant issue which outweighed the

delay of trial. It followed that the issue was of sufficient significance to justify the costs of an appeal. Further, it would not be convenient to determine the point at or after the trial because of the finality of the order. Accordingly, none of the three conditions operated against the applicant.

Reasonable prospect of success

[22] The intended grounds of appeal as shown by the affidavit of Mr. Hotchandani are certainly not fanciful. In my view, the Draft Notice of Appeal exhibited to the said affidavit raised grounds of appeal with real prospect of success. These grounds include the limits of the court's jurisdiction and power under section 28 of the Supreme Court of Judicature Act.

Conclusion

[23] It was for all these reasons that I agreed that (i) leave be granted to the applicant to appeal the decision dated 26 October 2011, of Legall J in Claim No. 896 of 2010 in respect of which the Supreme Court declined to grant leave to appeal; (ii) a stay be granted in the said proceedings until after the hearing and determination of the appeal and (iii) the cost of the application abide the results of the appeal.

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HAFIZ-BERTRAM JA