

THE SUPREME COURT OF BELIZE, A.D. 2018

CLAIM NO. 247 of 2018

BELIZE BREWING COMPANY LIMITED

CLAIMANT

AND

501 COMPANY LIMITED

1ST DEFENDANT

J & G COMPANY LIMITED

2ND DEFENDANT

CARIB BREWERY (ST. KITTS & NEVIS) LTD.

3RD DEFENDANT

BEFORE the Honourable Madam Justice Sonya Young

2018

Hearings

8th November

Written Submissions

Claimant – 2nd and 23rd November

Defendants – 2nd and 22nd November

Oral Submissions

26th November

Decision

9th April, 2019

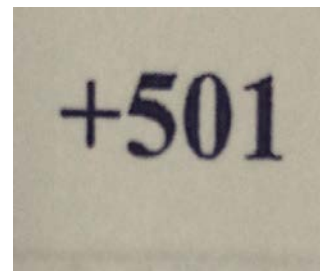
Ms. Pricilla Banner along with Mr. Gavin Courtenay for the Claimant.

Mr. Andrew Marshalleck, SC for the Defendants.

Keywords: Intellectual property – Trademarks – Infringement – Invalidation

– Confusingly Similar – Bad Faith – Remedies – Trade Marks Act Cap 257

Supreme Court (Civil Procedure) Rules



JUDGMENT

1. This is the tale of two beers (and two stouts). Each one bearing a registered trademark containing the numbers 501, (the area code of Belize, the brand name on famous jeans and an area code in Arizona or so I am told). The earlier one is a simple, black and white mark, which also contains a + sign before the 501 (+**501**). The other is a composite mark, stylised and graphic.

2. It includes the name and address of the first defendant and there is no + sign, only the 501. The issue is, are these two marks so confusingly similar to the public, that the later one ought to be struck down as invalid and perhaps even be considered an infringement of the earlier mark through a bad faith registration.

3. The Claimant is a well-known Belizean company. Since around 1969 it has been engaged in the business of manufacturing, bottling, brewing, distributing, selling, advertising and marketing various beverage products. The first Defendant is also a Belizean company registered in March 2017 and engaged in the sale and distribution of beverage products.

4. The second Defendant is a company registered in Belize but engaged only in the importation and distribution of beverage products. The third Defendant is a company incorporated in Nevis and engaged in the brewing, bottling and manufacturing of various beverage products.

5. The beverages which the third Defendant produces are 501 Lager and 501 (Power) Stout. These two products are imported into Belize by the second Defendant who is assisted in their distribution and sale by the first

Defendant. On 1st September, 2017 the first Defendant became the registered proprietor of two trademarks, 501 Lager and 501 Power Stout and started publicly marketing its products in November, 2017.

6. Since August, 2012, the Claimant was the registered proprietor of the trademark +501 for beer, stout and similar products. It begun selling products under this mark on the Belizean market in December, 2017. It pleaded that since discovering the first Defendant's marks it has limited production for fear of dilution, since there is likely to be confusion or association between the products.
7. It also imputed bad faith on the part of the first Defendant, alleging that the first Defendant deliberately registered its mark, knowing that it was likely to cause confusion with the Claimants; it gave no notice of its intention to register to the Claimant and as the Claimant's main competitor, it intended to prevent the Claimant's use of its mark in relation to the sale of its beverage products. It must not now be allowed to use the registration as a shield.
8. The Claimant, therefore, sought a declaration of invalidity on the ground that the Defendant's marks are similar and are registered for identical goods as the Claimants. In the alternative, that the mark be invalidated on the basis of bad faith. It also prays a declaration that its mark has been infringed and consequentially an order of removal or obliteration of the offending mark or the delivery up of the offending goods and material for disposal.
9. There is also a request for a permanent injunction to restrain the Defendant from any further infringement and compensation either through an inquiry as

to damages or an account of profits. Finally it asks that the judgment be disseminated at the “*Defendant’s*” cost. It does not specify which Defendant but the Court assumes this to be the first Defendant.

10. The Defendants dispute the Claim in its entirety. The first and second Defendants both say that the Claimant’s mark is a bare word mark in black and white graphic with a low level of inherent distinctiveness. It is fundamentally different from the labels which the Claimant produced for its products and which are being used as the basis on which the Claimant seeks to justify its claim. As far as the first and second Defendants are concerned, the registered marks are sufficiently distinct so that there is no reason to invalidate the first Defendant’s. In any event, even if the first Defendant’s marks are declared invalid, the infringement can be cured through the removal and destruction of the labels only, the product, itself, need not be destroyed.
11. Furthermore, the first Defendant’s use of a registered mark ought not to constitute an infringement. It simply utilized an available legal process to protect its own mark and was always concerned with conducting business in an open and transparent way. The Claimant never objected, when it had every opportunity so to do, and the Registrar approved the application for registration. There could, therefore, be no imputation of bad faith at all.
12. The third Defendant states only that it has no direct knowledge of any of the allegations in the Claim and has in no way participated in any of the purported acts of infringement complained of by the Claimant. Moreover, it is not responsible for the first Defendant’s use of its mark.

The issues for determination:

13. 1. Whether the registration of the first Defendant's mark ought to be invalidated:
 - a. Whether the Claimant's and the first Defendant's registered marks are confusingly similar;
 - b. Whether the first Defendant registered its mark in bad faith;
2. Whether the the first and second Defendants' use of the first Defendant's registered marks infringed the Claimant's registered trademark and if so what remedies are they entitled to..
3. Whether the third Defendant in any way participated in any act of infringement so that any orders should be made against it.

Whether the registration of the first Defendant's mark ought to be invalidated:

a. Whether the Claimant's and the first Defendant's registered marks are confusingly similar:

14. Section 47 of the Act sets out the grounds for the invalidation of a trademark. The Claimant directs the Court's attention specifically to subsection (2)(a) and (6) which state:

"The registration of a trade mark may be declared invalid on the ground,

(a) that there is an earlier trade mark in relation to which the conditions set out in section 37(1), (2) or (3) obtain of this Act; or

(b)

(6) Where the registration of a trademark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made, Provided that this shall not affect transactions past and closed."

15. Section 37 deals with relative, as opposed to absolute grounds, for refusal of registration. The difference being that the proprietor of the earlier mark can consent to the later registration notwithstanding relative grounds for refusal exist. Counsel informed that the Claimant relied on section 37(2)(b):

“A trade mark shall not be registered if because:

(a)

(b) It is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier mark is protected,

There exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.’

16. There is no disputing that the Claimant’s mark is the earlier mark as defined by section 38(1)(a) of the Act. There is also no doubt that both marks are registered. This indicates that the Registrar examined, accepted and published the application for registration of the later mark, conducted the requisite search, considered the earlier trademark, found the later mark to be deserving of registration and registered it accordingly.
17. The Claimant who owned the earlier registered mark, admits that they made no opposition or observation whatsoever to the first Defendant’s application for registration, although it was open to them to do so in writing pursuant to section 16 of the Act. While none of this may now hold relevance as it relates to the likelihood of confusion, it does mean that the Claimant failed to take advantage of an earlier opportunity to assert its right.
18. Both trademarks have also been used in the course of trade. None of the parties make this an issue. They also agree that the goods are identical (see paragraph 28 of Defendant’s submissions filed 2nd November, 2018), but that is only one element. The Court still has to carry out a global comparison of the marks. Such a comparison ought to demonstrate that there are such similarities in the marks and the goods which when combined would be more than likely to cause confusion. If it fails to meet this threshold then there could be no possible invalidity or infringement.

Global Comparison:

19. The Claimant quoted from Atkin's Court Forms and urged that such an exercise begins by appreciating that:
- i. The comparison has to be conducted through the eyes of the average consumer of the goods or services in issue, that person being deemed to be reasonably well-informed and reasonably circumspect and observant. However, the average consumer rarely has the opportunity to make a direct comparison of marks and must instead rely upon the imperfect picture which that consumer has in his or her mind and whose attention varies according to the category of goods or services in question.*
 - ii. The average consumer normally perceives marks as a whole and does not proceed to analyse them in detail.*
 - iii. The visual, aural and conceptual similarities of the marks are accordingly assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements.*
 - iv. A lesser degree of similarity between marks may be offset by a greater degree of similarity between goods and vice versa.*
 - v. There is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either pr se or because of the use that has been made of it.*
 - vi. Mere association in the strict sense that the later mark brings the earlier to mind is not sufficient.*
 - vii. The reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense.*
 - viii. If the association between the marks causes the public to wrongly believe that the respective goods or services come from the same or economical linked undertakings, there is a likelihood of confusion."*
20. The Court must therefore consider the overall impression created by the similarity between the goods, the nature of the goods, as well as any similarities created by the relevant aspects (visual, aural and conceptual) of the mark and determine whether when combined there would be created the likelihood of confusion in the public's mind.
21. +501 was protected for goods identical to those of the later mark. This is important to consider because the greater degree of similarity between the

goods the greater possibility for confusion if the marks are similar and vice versa. In assessing the marks, themselves, the relevance of each aspect may vary according to the circumstances of each case. However, the distinctive and dominant features, of the mark should be taken into account. To properly conduct this exercise the many ways in which the consumer may use and interpret the marks must be considered.

22. Counsel for the Claimant referred to **Matratzen Concord GmbH, anciennement Matratzen Concord AG v European Union Intellectual Property Office, Case C-3, 2004 I-03657 at 26** which highlighted the decisive role the average consumer plays in the global assessment and the importance of consideration of the dominant feature of the marks. In that case the word Matratzen was found to be the dominant and distinctive feature and so the composite mark comprising MATRATZEN MARKET CONCORD but including other features, was found to be unregistrable when opposed by the owner of the word mark MATRATZEN. The Court stated at **33-35**:

“Consequently. It must be held that a complex trade mark cannot be regarded as being similar to another trade mark which is identical or similar to one of the components of the complex mark, unless that component forms the dominant element within the overall impression created by the complex mark. That is the case where that component is likely to dominate, by itself, the image of that mark which the relevant public keeps in mind, with the result that all the other components of the mark are negligible within the overall impression created by it. It should be made clear that that approach does not amount to taking into consideration only one component of a complex trade mark and comparing it with another mark. On the contrary, such a comparison must be made by examining the marks in question, each considered as a whole.

However, that does not mean that the overall impression created in the mind of the relevant public by a complex trade mark may not, in certain circumstances, be dominated by one or more of its components.

With regard to the assessment of the dominant character of one or more given components of a complex trade mark, account must be taken, in particular, of the intrinsic qualities of each of those components by comparing them with those of other

components. In addition and accessorially, account may be taken of the relative position of the various components within the arrangement of the complex mark.”

23. **Sabel v Puma AG, Rudolf Dassler Sport Case C-251/95 [1997] ECR I-6191, I-6224** impressed that the average consumer perceives a mark as a whole and does not examine its various components. Equally so, the Court need not do too detailed an analysis of the marks. However, the most important factor to be considered was the dominant element or feature of the mark.

24. Closer to home counsel for the Claimant presented **3M Company v Manufacturera 3M SA DE CV Civil Appeal No 64/2014 Jamaica** where the appeal was allowed against the decision of the High Court judge which allowed the registration of a later trademark as it was found not to be confusingly similar. The Court found at **paragraphs 164-165:**

“...the learned judge took the wrong approach to the global assessment recommended by the cases. Based on the authorities, one cannot, in determining whether the goods are identical and/or similar, fail to examine the specification or the classification of the goods applied for. Having done so, one would conclude that the goods were identical or at least similar in the instant case. The specialised nature of the goods disclosed and used by “M3M”, did not make the goods dissimilar bearing in mind the particular goods covered by the registration of “3M” in the relevant classes. I am also of the view, that had the learned judge not focussed on the “specialized customer” of M3M as against the “average consumer” who is well informed and aware, and who though not buying shoes but sugar manufacturing products, would nonetheless, on the basis of the non-descriptive and fanciful nature of the mark, presume a link between the economic undertakings of that of 3M and M3M, which would support a likelihood of confusion between the respective marks and the goods and services protected, he would have concluded otherwise. He also failed to appreciate that the meaning provided in the cases as to what constitutes a “relevant part of the public” and therefore also erred in his analysis in that regard.

The learned judge found that the marks and goods and services were dissimilar, and based on that finding he accepted that there was honest use by M3M and that no bad faith had been deployed. However, I reject those conclusions and find that because of the aurally identical nature of the marks and/or their high similarity, and the similarity between the goods and services, there was a link between the marks, and there was a likelihood of confusion.”

25. The Claimants therefore submitted that on any comparative analysis 501 is the dominant and distinctive feature, the similarities between both the products and the marks would lead to a likelihood of confusion on the part of the public and this includes the likelihood of association as well.
26. Counsel for the Defendant asked the Court to be minded that similarity is always a question of degree and some degree of similarity is tolerable (**Sabal ibid**). The fundamental question really is, whether there is a confusing similarity. He agrees that the goods are the same, so that the likelihood of confusion ought seriously to turn on the similarity between the marks. He maintains that the only distinctive feature of the Claimant's mark is the "+" sign which creates a ready aural, visual and conceptual distinction.
27. Although both marks contain the numbers 501 their font, shape and colour are vastly different and the first Defendant's graphic with his name as producer and address would ensure that there is no possible confusion. He added that the Claimant has no monopoly on the use of 501 which is the area code of Belize.
28. Further, the registration protects the distinct mark itself and not the use of the specific combination of numbers. This combination has already been registered in favour of the Levi Straus Company.
29. He likens this to the use of the word European in **The European Ltd v The Economist Newspaper Ltd**. [1997] EWCA Civ 2771 where the device mark made up of the upper case words THE EUROPEAN was found not to be similar to THE EUROPEAN VOICE. He also helpfully provided **Re**

CDX Trademark Application UK Intellectual Property Office Decisions 1998 – 2001 Application No:1562164. Here the Registrar grappled with comparing the registered mark CD belonging to Christian Dior and CDX belonging to C&J Clarke International Ltd. The goods were identical or similar (fashion items) and so the decision discussed mainly the comparison of the marks themselves.

30. The Registrar found that from a visual or aural standpoint, there was no similarity. He found no conceptual similarity either since the letter combinations had no *“discernible meaning in relation to the goods.”* Then he considered the meaning of the letter X and any possible significance it may have, mainly as a sizing mechanism. At **page 8** he said *“it does not seem inherently likely that the public would dissect the mark applied for in such a way that it was perceived to be Christian Dior’s mark bearing an additional element indicating superiority or excellence.....Of rather more relevance perhaps is the question of what the applicants would be able to do by way of normal and fair use of their mark. However if they were to present their mark in such a way that, for instance, the letter X was separated from the other letters or artificially highlighted (or reduced in terms of overall impact) then that is likely to take them beyond the boundaries of what is normal and fair.”* He concluded that there was no similarity *“such that there exists a likelihood of confusion on the part of the public.”*
31. Senior Counsel also reminded the Court that the comparison was not to be made of the labels but rather, the marks. The Claimant’s designed label incorporates the mark but includes a host of other graphics and words which are not protected as part of the trademark and which, if they create confusion, that confusion can not be considered as part of the global assessment.

32. He concluded that there is simply insufficient evidence before the Court to support a finding of any confusing similarity between the marks.

Consideration:

33. Before going any further, I must address the guidance given by Senior Counsel for comparison of the marks themselves. He raised that any confusion caused by similarities between the first Defendant's mark and the Claimant's labels ought not to be weighed in the balance and this Court agrees. It is concerning that Counsel for the Claimant sought to juxtapose the labels in her submissions when asking the Court to make a comparison of the marks. Even Michael Bowen a Director and Chief Executive Officer of Belize Brewing and Shelley Bowen, the Marketing Director as witnesses for the Claimant seem to suggest that the confusion lies with the labels rather than the marks.
34. Michael Bowen stated at paragraph 7 of his witness statement: "*...the Company became aware that beverage products bearing similar labels with prominent "501" marks ("the Competitor's Beverages") were being advertised and sold in different retail spaces in Belize. When members of the Company examined the products bearing similar labels, it was discovered that the beverage products were identical lager and stout products.... 8. Not only did members of the Company see the said products and advertisements, but the Company received inquiries as to which brand was for Belize Brewing Company and which was not,.....*" (None of these enquiring persons were presented as witnesses).
35. Similarly, Shelley Bowen observes at paragraph 9 of her witness statement: "*Unfortunately, the Defendants' products, advertisements and labels are confusingly similar to the Company's products, resulting in our customers and consumers not understanding that they are not Belize Brewing Company products.*"

36. So now, we consider the marks themselves. The Court is reminded that while the elements of similarity are interdependent, each case is to be considered in its own context. Generally, single letters or numbers are said to be devoid of distinctive character and sometimes this is extended to combinations of letters and numbers. As explained by the authors of Intellectual Property Law 2nd ed at 3.7.1 *“(t)his is because consumers would not be able to assume that such signs indicated one particular source (and also it is foreseeable that such signs will be used by other traders).*
37. Being devoid of any distinctive character is an absolute ground for refusal of registration. However, the slightest degree of distinctive character would suffice to surmount that hurdle. Distinctiveness is assessed by reference to the designated goods or services and a consumers’ perception of those goods and services. The number 501 is not descriptive of beer as it might be for goods or services related to telecommunications. So that its use in +501 does make it inherently distinctive for beer. It has not been on the market long or in large quantities so it would not have acquired any distinctiveness. It is accepted that where the earlier mark is very distinctive, even if the later mark has been greatly modified it can still be considered similar. Equally so, where the earlier mark has a low level of distinctiveness the later mark will have to be very close to be considered similar.
38. While the + sign gives the earlier mark added distinctiveness, it is not the dominant component. The court considers the dominant element in the earlier mark to be undoubtedly the 501 which is pronounced five O (not zero or nought) one. It is also the dominant element in the later mark. The earlier mark is made up of a simple + sign and black letters on a white background.

Even with normal and fair use, where the font, colour or size could be varied for presentation, it remains a simple mark. The later mark as already described is highly stylized and visually distinct. As far as this Court can discern the only visual similarity between the two is the number 501. But enquiry does not end there.

39. The Defendant has raised that the claimant can not claim a monopoly to the 501 as it is just a set of numbers which are not distinctive in anyway. While there is much guidance in the **The European Case** he cited, the Court finds difficulty in its application to the facts of the present case. Firstly, the distinctions that were found between the two in **The European Case (ibid)** are not readily amenable to numbers.
40. The court there found that the only commonality was in the use of the word European, which it accepted as being the most prominent feature. It referred to the different way in which the word was utilized in each, the visual differences between the marks and the fact that the word European was not distinctive but an ordinary word commonly used in the English language. An ordinary word which was being used in a descriptive way for which the court should be *'exceedingly wary of granting a monopoly in their use.'*
41. Words can be defined and associated, a string of numbers can not unless perhaps they have been in use and have grown to represent something in particular. For the Court a better comparison should, perhaps, come by way of a sequence of numbers or a set of letters which do not combine to make a word.

42. Counsel for the Defendant helpfully provided **Re CDX** (ibid) which dealt with fashion items and as stated in Intellectual Property Law 2nd edition at page 855; “(i)n the case of certain kinds of goods, such as clothes, visual similarity between the marks in issue will be the most important form of similarity.” The authors then cited **Phillips-Van Heisenberg Corp v OHIM, T-292/01** where “*BASS for footwear and clothing permitted despite opposition by owner of PASH for clothing made of leather in part because aural similarities (are) of little significance in clothing sector.*”
43. The Court will be guided, but must exercise its own mind in reaching any conclusions - **Montblanc Simplo GmbH v Sepia Products Inc [1999] Lexis Citation 3123**. Scrutiny continues with an assessment of the consumer. While visually the marks are not similar, the buyers of beer are not likely to consider the visible mark beyond the very name since sale of beer depends mainly on advertising and word of mouth recommendation. Beer and similar products are more likely to attract similar customers and so the risk of confusion is higher. The first and second Defendant have designated themselves as the premiere competitor with the Claimant. The Claimant accepts them as competitors. Since they compete their consumer base would be the same, hence a greater likelihood of confusion.
44. Beers are regular everyday products directed at the general public who have a normal level of attention. They are not about to scrutinize labels for the name of the producer or notice graphics, font and colour. To my mind the brand names would be required to be more distinct from each other. Although, there is little visual similarity in the marks themselves, the phonetic similarity is overwhelming.

45. The 501 being as dominant as it is. When a consumer calls for a beer he is unlikely to say plus 501 rather than simply 501. That is because on the mark and therefore the label, the + is a sign only and not words spelt out. It is reminiscent of entering a telephone number on smart phones where the + sign is used to automatically retrieve the international exit code. No one really gives the telephone number using the + sign, it seems highly unlikely that a normal consumer would use it when calling for a beer.
46. There is a risk of direct confusion, but there is also a greater risk of indirect confusion in the context of beer families. Consumers may be led to believe that the beers were of the same family. That the plus was perhaps an upgraded version of the 501 in some way and it may be perceived as such and nothing more. There is therefore a risk of indirect confusion that the products are an economically linked undertaking (**Canon [1998] ECR I-5507**). The removal of the + sign is not, to my mind, sufficient to avoid this confusion. It would not even marginally reduce the degree of similarity.
47. Conceptually, 501 being the area code of Belize conveys the message that the beer is Belizean. So it may have meaning for the Belizean society. So conceptually the signs are similar. Senior Counsel raised without enthusiasm that 501 is a geographical indication, hence it ought not to be monopolized. That argument bites two ways. If indeed it is a geographical indication, it ought not usually to be monopolized but then the mark may create an expectation that the beer was a Belizean product which it is not and could be deceptive in this way. But that is not a concern of mine in these proceedings. Suffice it to say that this Court does not view the numbers 501 as being a geographical indicator of any kind.

Finding:

48. Having made the above inquiry this Court finds that based on the overall impression, there are sufficient similarities so that there would exist a likelihood of confusion in the public's mind. For this reason the later trademarks are struck down as invalid.

Bad Faith

49. In the alternative the Court was asked to consider section 47(1) which provides that:

“The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 35 or any of the provisions referred to in that section (absolute grounds for refusal of registration) but where the trade mark was registered in breach of subsection (1) (b), (c), or (d) of this section, it shall not be declared invalid if, in the consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.”

50. Thereafter, the Court was directed to section 35(6) which reads:

“A trademark shall not be registered if or to the extent that the application for registration is made in bad faith.”

51. Bad faith is not defined in the Act. Counsel presented an explanation from **Gromax Plastics Ltd v Don & Low Nonwovens Ltd. [1999] R.P.C. 367** (Gromax) where Justice Lindsay stated:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealing which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the Courts (which leads to the danger of the Courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

52. Senior Counsel for the Defendant offered guidance from paragraph 5.180 – et seq in Marcos, Roughton and St. Quintin, *The Modern Law of Trade Marks*, 5th Ed which informed that bad faith is a very narrow concept within the context of trademark registration. Perhaps understood as requiring dishonesty or conduct which falls short of acceptable commercial behaviour as in **Gromax (above)**. Reference was made to situations where the applicant knows the trademark does not belong to him; that a third party intended to use the mark or there was no intention to use the mark at all.
53. The authors also discussed **Harrison v Teton Valley Trading Co. [2004] Civ 1028** which followed the **Gromax** decision. **Harrison**, also relied on by Counsel for the Claimant, demonstrated that a trademark application could be made in bad faith even if it had not been made dishonestly. The test being both an objective and subjective one. That case concerned a bar manager from the very successful China White Club who represented himself as being the sole proprietor of a cocktail and sold it to the applicant.
54. The cocktail had in fact been created under contract for the China White Club and was to be kept confidential and sold as the house drink. The applicant quickly incorporated a company, China White Limited and attempted to register the CHINAWHITE mark. The court found that not only had the bar manager acted dishonestly but the very circumstances ought to have prompted the applicant to make further enquiries and failing to do so fell short of the reasonably acceptable standard of commercial conduct.
55. Counsel for the Claimant states it quite adequately at paragraph 40 of her submissions

“The Court of Appeal held that the test of bad faith was whether the knowledge of the Applicant was such that the Applicant’s decision to apply to register the mark would be regarded as bad faith by persons adopting proper standards being “acceptable commercial behavior” as observed by reasonable and experienced persons in the particular commercial field. Bad faith had been established not only because the Applicant had made no further enquiries regarding the employees’ assertion, but also because a person in the same position as the Applicant would not behave in such a way as to have attempted to monopolize the name Chinawhite so as to prevent the opponents of the Application from continuing to carry their business.”

56. Counsel then urged that the similarities with the instant case are undeniable. The first Defendant made a search, saw that +501 had been registered by their primary competitor Belize Brewing Company, proceeded to register a very similar mark for identical goods only, made no inquiries whatsoever of Belize Brewing Company but aided by the second and third Defendants proceeded to hastily market their 501 products within a year.
57. Senior counsel for the Defendants launched his first attack at the bad faith allegation by indicating that if the similarity argument between the marks was unfounded then the bad faith argument ought to fail. That hurdle has already been passed with the court’s finding above. He then asked the Court to remember that the *“legal process for registration of the marks itself required the publication of the First defendant’s applications for registration of its marks and afforded ample opportunity to the Claimant to raise whatever objections to the applications it wished to make at an early stage. 18. Further the Registrar of Intellectual Property in considering that application and ensuring compliance with the application process indeed effected the publications in an open and transparent way publicly inviting objections to the application so that full opportunity was indeed afforded to the Claimant to object to the applications of the First Defendant. No objection whatsoever was then forthcoming from the Claimant.”*

58. The Court agrees entirely that the mark had gone through the rigors of registration and there was no objection made by the Claimant. I find this, by itself, to be of little value in refuting bad faith. At best this may indicate a lapse on the part of the owner of the earlier mark, or a need to be more vigilant. However, such a lapse can not impact the conduct of a later applicant. It is clear that the Act appreciates this as it allows for invalidation where the proprietor of the earlier mark, having awakened from slumber, takes issue after registration.
59. Senior Counsel fortified his argument by saying that the registration prior to use indicates that *“the First defendant was always concerned to conduct its business in an open and transparent way and involved no dishonesty whatsoever and is entirely consistent with the standards of acceptable commercial behaviour when seeking to develop a new brand for a new product.”* 21. *The First Defendant discovered the Claimant’s registered mark only after having the (sic) designed and embarked on registration of the marks they already prepared for use on its new products....*23. *The First Defendant pursued and relied upon the registration of its own mark before using its mark on its 501 beer products....”*
60. This argument certainly has more teeth. But it is not borne out in the evidence before the Court. The 501 company was incorporated shortly before the application for the registration of the mark was made. Mr Jose Aldana the only witness for the defence while under cross examination stated *“I am the managing director for 501 Company Ltd. I conceived the idea of the 501 beverages and the 501 company to sell it. Before incorporating the 501 Company we conducted a search, submitted application then decided to incorporate the company. After that we searched the trade mark Registry for the 501 mark. The Registry said it would take three months if there are any objections. Because of the existing +501 mark I did not anticipate difficulties in getting the mark registered. I don’t recall the date I was*

not directly involved in the registration” Later he admitted “I discovered the +501 mark. I also discovered that it belonged to my competitor...”

61. Clearly, Mr Aldana knew that +501 existed before he attempted to register the mark. Competition is always good, but when the Court considers the circumstances of this case it makes an irresistible finding of bad faith on the part of the first Defendant. The first Defendant is also the chief shareholder and director of the 2nd Defendant which has been in serious competition with the Claimant. Realizing that the products they intended to market were the same as those for which +501 had been registered they conceived of a new avenue for competition. But it was not one which to my mind was acceptable commercial behaviour and it went further than a sharp practice.
62. The first and second Defendant admit that they had not done a thorough search as to whether the Claimant had products on the market at that time. Certainly, the Claimant would be affected by the first Defendant’s identical products being marketed under so similar a mark. I do not find this to be honest business practice. I can not venture so far as to say they should have made inquiries of the Claimant regarding the development of its mark, the resources it had spent in said development or its intention to use the mark. But that would have been acceptable and reasonable behaviour.

Finding:

63. The Court finds that the first Defendant has acted in bad faith in making the application for registration of the offending marks.

Whether the the first and second Defendants’ use of the first Defendant’s registered marks infringed the Claimant’s registered trademark and if so what remedies are the Claimant entitled to:

64. Counsel for the Claimant submitted that since the test for invalidity as outlined above is the same as for infringement, in this matter, a positive finding of one means a positive finding of the other. She therefore adopts her previous analysis of the case law and urges the court to make the claimed declaration.
65. Pursuant to section 24(1) of the Trade Marks Act (the Act), “*the proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by the use of the trade mark in Belize without his consent.*” Section 25 deals with infringement. It explains that infringement relies entirely on the use of the offending sign or mark in the course of trade. Subsection(2), on which the Claimant relies, provides that;
- “*A person infringes a registered trade mark if he uses in the course of a trade, a sign where because,*
- (a)the sign is identical with the trade mark and is used in relation to goods or services which are identical with those for which it is registered; or*
- (b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,*
- there exists a likelihood of confusion on the part of the public which includes the likelihood of association with the trade mark.*
- (3)(a) is identical or similar to the trade mark; and*
- (b) is used in relation to goods and services which are similar for those which the trade mark is registered’*
- where the trade mark has a reputation in Belize and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.*
66. Subsection(4) defines use of a sign as *(a) affixes it to goods or packaging thereof;*
- (b) offers or exposes goods for sale, put them on the market or stock them for those*

purposes under the sign, or offers or supplies services under the sign; (c) imports or exports goods under the sign; or (d) uses the sign on business papers or in advertising.”

67. Section 26 limits the effect of registered trade marks.

“26.- (1) A registered trade mark is not infringed by the use of another registered trade mark in relation to goods or services for which the latter is registered but subject to section 47 (6) (effect of declaration of invalidity of registration).

(2) A registered trade mark is not infringed by:-

(a) the use by a person of his own name or address;

(b) the use of indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services; or

(c) the use of the trade mark where it is necessary to indicate the intended purpose of a product or service (in particular, as accessories or spare parts), provided the use is in accordance with honest practices in industrial or commercial matters.”

68. The first Defendant’s marks having already been invalidated, the Court also finds that their use by the first and second Defendants to be an infringement of the earlier mark. The second Defendant has admitted to importing and putting the offending products on the market and the first Defendant agrees to assisting the second Defendant with marketing.

69. What is left to be considered now is remedy. The Claimant seeks pecuniary relief and points the Court to section 49 (2) of the Act which provides that *“in an action for infringement, all such relief by way of damages, accounts or otherwise is available to him as is available in respect of the infringement of any other property right.”* The Defendants have presented no evidence whatsoever as to why some pecuniary relief should not be given in the circumstances.

70. However, the remedy claimed by the Claimant is troubling. It seeks an order for enquiry as to damages and payment of the amount found due. Senior counsel for the Defendant raises a valid issue. There was never an application or an order made to bifurcate this trial as to liability and

assessment of damages. It is always for the Claimant to prove their loss and for the court in assessing damages to place them in a position they would have been in if not for the infringement. It is not intended to be punishment of any kind. In the absence of that order bifurcating the trial, any evidence on which the court could conduct such an enquiry ought already to have been before the Court.

71. This Court is bound by **DMV Ltd v Tom Vidrine Civil Appeal N0. 1/2010** where the Court at **paragraph 70** quoted from **St. Kitts Development Corp v Golfview Appeal No. 10/2006 Eastern Caribbean Supreme Court (Dominica)** with approval; *“it is desirable that, where no prior bifurcating order was made, liability and quantum of damages should be determined after one trial and in a single judgment or order. Notwithstanding that it lies within the discretion of a judge, a bifurcating order with directions to the parties to file additional evidence for a separate assessment hearing should very rarely be made at a stage as late in the process as was done in the present case. Such an order should not be made where a party would suffer prejudice thereby.”*
72. Morrison JA continued at **paragraph 71** *“In the result, the court considered that the judge’s order permitting the filing of additional affidavit evidence had caused no prejudice and ordered a new trial to determine the quantum only on the evidence already admitted at the earlier trial and the additional evidence for which permission had already been given by the judge. 72.It is entirely within the discretion of a trial judge to direct that the actual assessment of damages be scheduled for some later date, after the question of liability had been determined, but on evidence already adduced at the trial.”*
73. Although an enquiry as to damages can not be conducted at this stage it remains open for damages to be assessed on what is already before the

Court. However, there is a second issue, that of election. Counsel for the Claimant sought, alternatively, the equitable remedy of an account of profits. She seemed to labour under the mistaken belief that making the election is somehow a matter for the Court. Rather, it is solely a matter for the Claimant, although the court is not bound by the election and may refuse the remedy of an account on equitable principles. The existing authorities merely require that the election ought to be an informed one.

74. It continues to be the Claimant's responsibility to put itself in a position to have all the necessary information on which to make that informed election. To my mind it is virtually impossible to make a sensible election otherwise. The Claimant ought to have made applications for specific disclosure or for the taking of an account of profits pursuant to Part 28 and 41 respectively of the Supreme Court (Civil Procedure Rules) 2005. Any of these applications could have been made at the case management conference or at the very least before trial because there was no bifurcation. While it remains open to the Claimant to make the election after judgment (**Island Records v Tring International** [1995] FSR 560) there must be some basis on which the Court could order a compensatory sum either way. In the case at bar there is nothing.

75. Counsel for the Claimant did not address this issue in her submissions. However, she actually presented an excerpt from The Modern Law of Trademarks as Tab 11 of one of her submissions which seems to agree with the position taken by Senior Counsel. At paragraph 19.106 headed Inquiry or account it states:

“The usual course on election is, first for the court to make orders of the sort envisaged in Island Records Ltd v Tring International plc where preliminary disclosure is given to

enable the claimant to be in a position to make an informed election. This course follows the the situation where there has been a split trial on quantum of the sort envisaged in Braddock v (1) Addison (2) MCA Music Ltd (3) Silva Screen Records Ltd, (4) Independent Television Association Ltd and (5) London Weekend Television Ltd.

76. This Court is of the view that the ability to give a remedy is not lost. Senior counsel raised that there was no evidence that any profits had been made and the cost of conducting this process would far outweigh any benefit to be derived therefrom. I do not know this to be a bar to the remedy. As this Court sees it the account of profit is intended to deprive the unjust enrichment of the infringement, whatever it may be. There is, therefore nothing before this Court which precludes granting the taking of an account as a remedy.
77. **The Modern Law of Trade Marks (ibid) states at paragraph 19.103-104:**
“In practice all that needs to be proven is that an infringing act has taken place and that the defendant knew of the proprietor’s trade mark registration – the question to be decided in each case being whether the defendant knew that he was not entitled to do as he did for otherwise conscience is not disturbed.....” The court has already found that the first Defendant acted in bad faith in seeking the registration of the offending marks. Further, the second Defendant knew of the bad faith application and nonetheless participated in the use of the trade marks for commercial purposes so conscience is disturbed. They will be made to account for any profits derived from their acts of infringement.
78. Even though Rule 41 outlines the process for the taking of an account, particularly, that the application for doing so must be made at case management or first hearing there is no sanction specified for the failure to

comply with this rule. The Court will, of its own volition and using its power under Rule 26.9, seek to put matters right by ordering that an account of profit be taken and will accordingly give directions for its efficient conduct.

79. The Claimant has also asked for an injunction restraining any further infringement and that will be ordered against the first and second Defendants. An order for the removal and destruction of the infringing labels, advertisements and any other articles bearing the infringing trademarks will also be made. The court sees no justice in ordering that the product itself be destroyed since it could be properly marketed under another sign or mark. This destruction will be witnessed by the Marshall of this Court and a representative of the Claimant company. The court finds no difficulty in making the order for the publication and dissemination of this judgment to the public at the cost of the first and second Defendants.

Whether the third Defendant in any way participated in any act of infringement so that any orders should be made against it.

80. There is no evidence whatsoever against the third Defendant of any activity which could be considered an infringement. Even if it packaged the offending goods section 25(5) of the Act is clear that he must have known *“or had reason to believe that the application of the trademark was not duly authorized by the proprietor or licensee.”* Moreover, the third defendant operates out of Nevis which, I agree with Senior counsel is outside the protection afforded by the Act. For this reason the Claim against the third Defendant would be dismissed in its entirety with costs.

Determination:

It is ordered that:

1. The claim against the third Defendant is dismissed with costs.
2. The trademarks registered to the first Defendant by virtue of the Certificates of Registration Nos. 13405.17 and 13404.17 are declared invalid pursuant to section 47 of the Trade Marks Act.
3. The first and second Defendants have infringed the Claimant's "+501" trademark registered by virtue of Certificate of registration No. 8667.12.
4. A permanent injunction is made restraining the first and second Defendants whether by their directors, officers, employees or agents or any of them or otherwise howsoever from infringing the Claimant's "+501" trademark.
5. The infringing labels, caps, advertisements and other materials are to be erased, removed, obliterated or destroyed forthwith.
6. An account of profits made by the first and second Defendants is to be taken and all sums found to be due is to be paid forthwith to the Claimant.
7. The judgment herein is to be disseminated and published in two consecutive issues of a newspaper of wide circulation in Belize at the first and second Defendant's expense. Each publication is to be separated by no less than seven days.
8. Interest is awarded on any sum found to be due at the rate of six percent per annum from the date of the filing of the claim to the date of judgment and thereafter at the statutory rate of six percent until payment in full.
9. Costs to the Claimant against the first and second Defendants to be assessed by the Registrar, if not agreed.

**SONYA YOUNG
SUPREME COURT JUDGE**