

ROYAL COURT
(Samedi Division)

239.

29th November, 1994

Before: P.R. Le Cras, Esq., Lieutenant Bailiff,
and Jurats Blampied and Gruchy.

<u>Between:</u>	Veka GmbH	<u>Plaintiff</u>
<u>And:</u>	T.A. Picot (C.I.) Limited	<u>First Defendant</u>
<u>And:</u>	Vekaplast Windows (C.I.) Limited	<u>Second Defendant</u>
<u>And:</u>	Vekaplast Windows Export Limited	<u>Third Defendant</u>
<u>And:</u>	Terence Allan Picot	<u>Fourth Defendant</u>

Application by the Defendants to strike out the Plaintiff's re-amended Order of Justice.

The Fourth Defendant on his own behalf and on
behalf of the other Defendants.
Advocate C.M.B. Thacker for the Plaintiff.

JUDGMENT

THE LIEUTENANT BAILIFF: This is an application by the Defendants to strike out the Plaintiff's Order of Justice, or rather parts of it under Rule 6/13 (1) a, b and d, or under the inherent jurisdiction of the Court. The relevant part of the Rule reads:

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"The court may at any stage of the proceedings order to be struck out or amended any claim or pleading, or anything in any claim or pleading, or the ground that -

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(a) *it discloses no reasonable cause of action or defence, as the case may be; or*

(b) *it is scandalous, frivolous or vexatious; or*

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(d) *it is otherwise an abuse of the process of the Court;*

and may make such consequential order as the justice of the case may require."

5 It is of course based on Order 18/19 of the Rules of the Supreme Court and we will return to the precedents discussed in the Rules of the Supreme Court in due course.

10 The present action was instituted as long ago as 1988 and followed previous proceedings between the predecessor in title of the Plaintiffs and the Defendants which were settled in 1986.

The first part of Plaintiff's application was to strike out paragraphs 8, 9, 11 and 13 of the Order of Justice. These claim:

15 "8. THAT the Plaintiff is the owner of trade marks and trade names "Vekaplast" and "Veka" and has a policy of allowing the use of the names by authorised companies trading on their own account in its products, on a non-exclusive basis. A list of the registration of the trade marks is annexed hereto and marked "A".

20 9. THAT the Plaintiff is the registered proprietor of trade mark numbers 1, 192, 424, in the United Kingdom Register of Trade Marks, and which have been registered in Jersey in pursuance of Article 3 of the Trade Marks (Jersey) Law, 1958, under RTM 5190 and RTM 5191.

25 30 11. THAT following the judgment referred to above, the Plaintiffs, via the intermediary of their Advocate by letter dated 29th August, 1986, wrote to the First Defendant emphasising that the Plaintiff owns the copyright in the Veka diamond device logo and in the distinctive "Vekaplast" and "Veka" script style ("the copyrights") and that the Plaintiff is the registered proprietor of the United Kingdom Trade Mark "Vekaplast" registered with No. 1, 192, 423 and the United Kingdom Mark "Veka" and diamond device registered with No. 1, 192, 424 ("the Registered Trade Marks"). The letter gave further warning of possible action in the event of continued use of the "Veka" and "Vekaplast" trade names by the First Defendant or its associated companies. A copy of the said letter is annexed hereto marked "C".

35 40 45 50 13. THAT by letter dated 9th December, 1986, the Plaintiff through the intermediary of its Advocate warned the First defendant of a possible action for passing off if the Second defendant continued to trade in the Island of Jersey using the name and style "Vekaplast Windows (C.I.) Limited" which would

infringe the Plaintiff's proprietary rights in the names "Veka" and "Vekaplast". A copy of this letter is annexed hereto marked "E".

5 Following on these, the fins of the action require, in terms,
that the Defendants withdraw the names "Veka" windows and
"Vekaplast" windows from the Business Names Registry, remove the
name "Vekaplast" from their promotional material, or (again for
10 the Second and Third Defendants) change their names, to cease to
use the names "Veka", "Vekaplast" or "Vekaplast" windows to
describe their products (or pass their goods off as those of the
Plaintiffs *infra*) and cease to do anything calculated to be an
infringement of the registered trade mark of the Plaintiff.

15 In the submission of the Defendants, such a claim interferes
with the legitimate rights of the Defendant under Article 20 of
the Trade Marks (Jersey) Law, 1958:

20 "*(1) Nothing in this Law shall be deemed to derogate from
such rights as may be possessed by any person by virtue of
the registration in the rolls of the Royal Court before
the coming into force of this Law of any document relating
to a trade mark.*

25 "*(2) Nothing in this Law shall entitle the registered
proprietor or the registered user of a registered trade
mark to interfere with or restrain the use by any person
of a trade mark identical with or nearly resembling it in
relation to goods for which that person or a predecessor
30 in title of his has continuously used that trade mark from
a date anterior to the registration in the United Kingdom
of the first-mentioned trade mark in respect of those
goods in the name of the registered proprietor or a
predecessor in title of his.*"

35 The defence is, and is supported by affidavit and various
documents, that these are items manufactured by the Defendants.

40 As far back as 1981 brochures were produced which identified
the Channel Island Companies as already incorporated as Vekaplast
(C.I.) Limited in Guernsey and T.A. Picot (C.I.) Limited in
Jersey, using "Veka" systems.

45 Furthermore in 1982 the business names were registered to
protect trading rights.

50 The Plaintiff only acquired the trade marks in 1986 which
were deemed to have taken effect in 1983. The point therefore
made by Mr. Picot is that the companies were trading before 1986,
and indeed prior to 1983 and that they are thus - and in his view
inevitably - protected by Article 20, and especially by Article

20(2) of the Trade Marks Law. In his submission the Plaintiff can have no arguable case in this regard.

5 Mr. Picot's second submission concerned the claim of passing off brought by the Plaintiff.

In this part of his application he sought to strike out paragraphs 6, 7, 14 and 15 of the Order of Justice.

10 6. THAT the Plaintiff trades using the trade names "Vekaplast" and "Veka" in the supply of uPVC windows, doors and roller-shutters and semi-finished profiles for use in the manufacture and fabrication of such windows, doors and roller-shutters to companies and firms which distribute the said products throughout the world and, in particular, in West Germany, the United Kingdom, the Channel Islands, France Spain, the United States of America, Eire, Netherlands, Belgium, Luxembourg, Portugal, Switzerland, Austria, Italy, Greece, Denmark, Norway and Sweden.

15 7. THAT the Plaintiff has acquired a substantial reputation throughout the world and, in particular, in the countries referred to in paragraph 6 above in the names "Veka" and "Vekaplast" which are recognised as denoting high quality fabricated uPVC windows, doors and roller-shutters and semi-finished profiles manufactured and supplied by the Plaintiff.

20 14. THAT the First and Second Defendants have since the Judgment of this honourable Court, and since receipt of the said letters, represented, and the Third Defendant has since formation represented, by use of the words "Vekaplast" in their advertising and company names that their business and/or their goods are those of or are associated or connected with or derived from the Plaintiff thereby inducing purchasers to believe that the goods offered for sale are manufactured and approved by the Plaintiff as "Veka" or "Vekaplast" windows or that the businesses of the First, Second and Third Defendants are approved by or associated with the Plaintiff or that the First, Second and Third Defendants are authorised by the Plaintiff to use the names "Veka" or "Vekaplast". The said representation is a deception.

25 15. THAT the First, Second and Third Defendants in the course of their trade as suppliers of uPVC windows and doors and associated items which have not been approved or authorised by the Plaintiff have by continued use of the Plaintiff's trade marks and names "Veka" and "Vekaplast" in connection with the

5 said goods or trade represented to customers that the goods supplied or intended to be supplied are those of or are associated or connected with the Plaintiff or that the trade of the First, Second and Third Defendants is connected with or authorised by the Plaintiff, thereby injuring the business and/or goodwill of the Plaintiff".

10 In essence, paragraph 6 claims that the Plaintiff trades using the "Veka" name and logo and paragraph 7 that the Plaintiff has acquired a high reputation for quality goods manufactured and supplied by the Plaintiff in, *inter alia*, the Channel islands.

15 Mr. Picot relied on Sayers & Anor. -v- Briggs & Company (Jersey) Ltd (1963) JJ 249 and, even more, on Irvine Sellars Limited -v- The Melrose Co Ltd (1977) JJ 9 as being authority for the proposition that the Plaintiff must prove a distinctive product identified in Jersey and that in the circumstances there is a real danger of confusion. Here, where the Plaintiff has no
20 place of trading in the Island, it cannot have a trading reputation of such a nature as to merit the continuation of the case.

25 In order to support his argument, he took the Court at considerable length through the affidavit of Mr. Laumann, and his detailed reply. In essence, Mr. Picot's claim is that "Veka" never had any sort of name in the Island other than through the companies and advertising built up by Mr. Picot. The Plaintiff's
30 name appeared nowhere and no one in the Island would have known who they were. All the goodwill built up in the name was built up by the Defendants. No possibility of confusion existed. The tests on the cases cited could not be met and the Defendants saw no reason to give up their companies and the goodwill which they themselves had built up.

35 Furthermore, the Plaintiff never had any written agreements with the Defendants. All the materials were paid for at the factory gate, and the Plaintiff had therefore traded on an unconditional individual basis with the companies in 1980-84.
40 They were bound to recognise that there were two independent owners of the "Veka" name (one by business registration) in the Channel Islands and that they had accepted this and were content to do so.

45 As to using or claiming to use the Plaintiff's products, the Defendants do not do so, and their brochures clearly shew that they use profiles manufactured by Kaumerling. In addition, the Plaintiff trades in the Channel Islands through a company named Sovereign.
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 In his submission, the Plaintiff could not possibly bring their action within the parameters of a passing off action.

As part of his striking out application, Mr. Picot sought to ask the Court to set aside the consent order contained in the Acte of 1986 on the ground that it was illegal, void, or unenforceable.

5 He had not pleaded this in the defences, nor is this properly supported by evidence. He claims that he was in effect improperly induced to enter the contract which is prejudicial to the administration of justice.

10 For the purpose of this application we refuse this part of his application. If the Defendants wish to raise this point, then they must seek to do so in the normal way and first seek to amend their pleadings.

15 As a reverse to this and as part of his application concerning the passing off claim the Plaintiff argued that if the Court refused to set aside the Judgment then all that it effectively did was to confirm that it merely meant that there were three owners - two of them being the existing companies (that is the First and Second Defendants) and that this thereby strengthened his case on the passing off action. As this is peripheral to that application we will deal with this point when we deal with the passing off.

25 Mr. Thacker, in answer to these submissions, first submitted that no point of German law, where applicable, could possibly be before the Court as it would have to be proved as a fact following Lazard & Co -v- Midland Bank (1933) A.C. 289. Second that a similar comment as to the necessity for proof applied to the facts which Mr. Picot had sought to put before the Court. What he had done was to set out his views as to the conclusions which the Court ought to find. These should be subject to oral testimony and cross-examination. These comments applied *pari passu* to the issues involved.

30 Third, turning to Mr. Picot's first submission, this was a passing off action not a trade mark action and the whole depended on who was the first user, and that must be decided at the hearing. Further, he submitted as being arguable, that registration under the Business Names Law does not of itself confirm ownership. As for the tests of reputation and trading, those put by Mr. Picot were arguable (see Panhard et Levassor -v- Panhard Levassor Motor Co Ltd (1901) 2 Ch. 513) and again should be established by evidence at a hearing.

45 As to the Third Defendant if it is now sold, this does not mean that they can *ipso facto* escape. The better way to do this was to apply to him so that he could take instructions. Their escape was by no means guaranteed and subject to evidence.

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5 The principles which the Courts follow are well known, and in the present hearing were accepted by the parties as being those set out in Rule 18/19. In following these we have in mind 18/19/4 that *"On an application to strike out the statement of claim and to dismiss the action, it is not permissible to try the action on affidavits when the facts and issues are in dispute"*; and also 18/19/5 (on an application as being frivolous or vexatious) that the case must be obviously unsustainable.

10 The Defendants' application, in our view, does not meet the test which is required for the Plaintiff's case to be struck out. In our view, having heard the submissions, we have come, without hesitation, to the conclusion that the case should go to trial and the evidence heard and tested. The summons of the Defendants is
15 therefore dismissed.

Authorities

R.S.C. (1993 Ed'n): O.14A; 18/11/3-18/13/2; 18/19-19/18/7.

The Trade Marks Act 1938: Articles 66-68; 71(3)-71(4).

The Trade Marks (Jersey) Law 1958.

Registration of Business Names (Jersey) Law 1956.

Royal Court Rules 1992: Rule 6(13) and Rule 7(8).

Matthews & Nicolle: "The Jersey Law of Property": Chapter 3:
Intangible Movables.

Lazard & Co -v- Midland Bank (1933) A.C. 289.

Reuters -v- Muhlens (1954) Ch. 50.

Panhard et Levassor -v- Panhard Levassor Motor Co Ltd (1901) 2
Ch. 513.

de Lasala -v- de Lasala (1979) 2 All ER 1146.

Royal Court Rules 1992: 7/8.

Maitland-Walker: "Guide to European Laws": pp.153, 154, 155, 171,
172, 173.

Cheshire, Fifoot and Furmston: Law of Contract (11th Ed'n)
pp.352, 353, 359, 497, 498, 499, 509 and 510.

Chitty on Contracts (25th Ed'n) Book 1: paras. 1031-1038 and
1309-1316.

Royal Court Rules 1992: Rule 6/13.

Sayers & Anor -v- Briggs & Co (Jersey) Ltd (1963) JJ 249.

Irvine Sellars Ltd -v- The Melrose Co Ltd (1977) JJ 9.

R.S.C. (1988 Ed'n): Rule 18/9-18/22.1 re: Striking Out.

The Upjohn Co -v- Kerfoot & Co Ltd (1988) FSR 1.

Le Cocq -v- Gillespie (12th March, 1991) Jersey Unreported.

Riches -v- Director of Public Prosecutions (1973) 2 All ER
935 C.A.

Trade Marks Act 1938 (revised 1st April, 1987) s.1-14.

Pennington: German Company Law: pp.1-6;

Chapter 4: Civil law, general, limited partnerships.

Chapter 5: Conversion of companies and partnerships.

Vekaplast H. Laumann -v- T.A. Picot (C.I.) Ltd (15th August,
1989) Jersey Unreported.