

ROYAL COURT  
(Samedi Division)

23rd June, 1997 120

Before: Sir Peter Crill, KBE, Commissioner,  
and Jurats Le Ruez and Quérée

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| <u>Between:</u> | T.A. Picot (CI) Ltd<br>Vekaplast Windows (CI) Ltd  | First Plaintiff<br>Second Plaintiff                    |
| <u>And:</u>     | The Creative Window and<br>Conservatory Co Ltd<br>Stephen John Le Couilliard<br>Mark Bowen | First Defendant<br>Second Defendant<br>Third Defendant |

Application by the Plaintiffs for an Order imposing an immediate interim injunction preventing the Defendants from advertising in the Island of Jersey in any form, using the words "Veka", "Vekaplast", or "Vekaplast Windows" or derivatives thereof, and from passing of their goods as those of the Plaintiffs, until the hearing of the main action.

Mr. T.A. Picot, on behalf of the First  
and Second Defendants.  
Advocate C.M.B. Thacker for the Defendants.

JUDGMENT

5 THE COMMISSIONER: The Creative Window and Conservatory Company Limited, the First Defendant in this action, is a Jersey registered company which carries on the business of supplying and fitting made-to-measure uPVC windows, doors and conservatories. Mr. Stephen John Le Couilliard a director and shareholder of the First Defendant, is the Second Defendant in this action and Mr. Mark Bowen likewise is a director and shareholder of the First Defendant is the Third Defendant.

10 On 7th May, 1997, the First Plaintiff, that is to say T.A. Picot (CI) Ltd, together with the Second Plaintiff, that is to say Vekaplast Windows (CI) Ltd, which in turn owns T.A. Picot (CI) Ltd, with Mr. T.A. Picot himself owning 50% of Vekaplast Windows (CI) Ltd, brought the action I have referred to by way of Order of Justice against the Defendants. In that Order of Justice it was claimed that the Defendants  
15 by using the word "Veka" in certain advertising which it had caused to be inserted in the "Jersey Evening Post" and to which the Plaintiffs had taken exception, could lead to and indeed was intended - in the words of the Order of Justice - to lead to the passing off of the Plaintiffs' products.

20 In the Order of Justice an immediate interim injunction was sought which would prohibit them from advertising in the Island in any form

using the words "Veka" "Vekaplast" or "Vekaplast Windows" or derivatives therefrom, nor to pass off their goods as those of the Plaintiffs. It is fair to say that when that interim injunction was refused the learned Deputy Bailiff, who signed the Order of Justice, did not have before him an affidavit which we have now had placed before us this afternoon. This afternoon we have to consider whether we should in fact impose the immediate interim injunction which was not granted by the learned Deputy Bailiff.

The background to this matter is rather complicated and I shall try to make it as short as possible. It is quite clear that there has been a long history of discord between the Picot companies, if I may call them that, and the Vekaplast companies. It should be remembered that Vekaplast is the name of a product originating in Germany some thirty years ago. That is apparent from another Order of Justice this time brought by Veka AG against T.A. Picot (CI) Ltd and Terence Allan Picot of 29th April, 1997; that Order of Justice recites how the name Veka arose. It is not necessary to say very much about it except to say this (and I quote from that Order of Justice):

"Veka AG is the registered proprietor of the Trade Marks 5190 and 5191 registered in the Register of Trade Marks in Jersey, which trade marks are registered under Article 3 of the Trade Marks (Jersey) Law, 1958. The said entry in the Trade Marks Register records that the Plaintiff is the proprietor of the United Kingdom Trade Marks No. 1192423 and 1192424. The said Trade Mark No. 1192423 is of the name of "Vekaplast" and the said Trade Mark No. 1192424 is the name of "Veka" and diamond device."

The Trade Marks (Jersey) Law, 1958 only comes into operation when a person seeking to obtain the registration of a trade mark in Jersey has, before that, registered that trade mark or trade marks on the United Kingdom Register.

In 1984, Veka, following some correspondence with Mr. Picot, whom they had originally supplied with their products, actioned the First Defendant and Mr. Picot in order to establish their rights over the names Vekaplast and Veka. That action was concluded by a Consent Order which was ratified by the Royal Court on 21st August, 1986. I quote from p.9 of the Act of the Royal Court:

"Whereupon the plaintiff having withdrawn its claim under paragraph (b) of the prayer of its Order of Justice, upon hearing the parties through the intermediary of their advocates, the Court confirmed the said Order of Justice and -

(1) ordered the first and second defendants to acknowledge that the right of ownership of the trade marks and names "Vekaplast" and Veka" and "Vekaplast Windows" is vested in the plaintiff;

(2) granted the plaintiff an injunction restraining the first defendant from claiming or procuring that the second defendant should claim that either of them is:-

(i) the sole authorised supplier of Veka products, or

(ii) the sole licensed manufacturer of ultra-high performance German Veka rigid PVC windows, residential doors, patio doors and roller shutters;

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(3) granted the plaintiff an injunction restraining the second defendant from claiming that it is, within the Bailiwick of Jersey:-

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(i) the sole authorised supplier of Veka products, or

(ii) the sole licensed manufacturer of ultra-high performance German Veka rigid PVC windows, residential doors, patio doors and roller shutters; and

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(4) condemned the first and second defendants, jointly and severally, to pay 90% of the plaintiff's taxed costs."

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That Order was challenged by Mr. Picot in 1989. It is not necessary to go into the facts of that matter, but it concerned an application for leave to appeal. I refer to the Judgment in Vekaplast -v- Picot (CI) Ltd (1989) JLR 269 and to note (6) of the headnote on p.271:

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*"The effect of the court's decision was therefore that the consent order remained undisturbed and of full contractual effect and, since neither of the other two grounds advanced in support of the application had any substance, leave to appeal would be refused."*

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It is clear that the Court in that case was asked to consider the effect of the Consent Order of August, 1986, and refused to disturb it.

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A further attempt was made to undermine the Order of August, 1986, in 1990, when T.A. Picot (CI) Ltd and Vekaplast Windows Ltd applied, *inter alia*, to have the consent judgment set aside on the ground that it had been obtained by fraudulent misrepresentation. The plaintiff applied to strike out the defendant's summons making those allegations. The Court granted the plaintiff's summons and dismissed that of the defendants saying that, since the defendants had had an opportunity to raise the issue of fraud either in evidence-in-chief or in cross-examination during the original hearing but had not done so, and as there was no fresh evidence available, the defendants were bound by the judgment under the principles of *res judicata* and their action would be struck out. The second head of that decision is not germane to this action.

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There were two further challenges, one for leave to appeal which was refused and one alleging that there had been some malpractice on behalf of the Veka company and that did not succeed either.

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Following the judgment of August, 1986, an action was brought, which I shall call the second action, alleging passing off by the two plaintiffs in this application and seeking an interim injunction which, indeed, was granted. However, on 18th October, 1986, that injunction was lifted. The action was between Vekaplast Heinrich Laumann KG, T.A.

Picot (CI) Limited, First Defendant, Vekaplast Windows (CI) Limited, Second Defendant, Vekaplast Windows (Export) Limited, Third Defendant, and Terence A. Picot, Fourth Defendant. I have already stated that Mr. Picot owns 50% of Vekaplast Windows (CI) Limited, a Guernsey Company as it happens, which in turn owns in toto T.A. Picot (CI) Limited. Vekaplast Windows (Export) Limited is no more as it has gone out of business and did not deal with the type of goods that really concern this action, so we can ignore the Third Defendant. The Act of the Court says this:

"Upon hearing the plaintiff's advocate and upon hearing the fourth defendant both on his own behalf and as director of each of the first, second and third defendants, the Court, having noted the undertakings given by the third and fourth defendants not to trade using the trade marks and trade names "Vekaplast" and "Veka" or the name "Vekaplast Windows" or any derivatives thereof pending the determination of the action or further order of the Court, -

(1) raised the interim injunction contained in the Order of Justice in the above action restraining the first, second, third and fourth defendants from advertising in the Island of Jersey in any form using the words "Veka", "Vekaplast" or "Vekaplast Windows" or derivatives thereof, or from passing off their goods as those of the plaintiff, and

(2) ordered that the costs of the application be costs in the cause."

The Court today does not have the advantage of knowing what that undertaking(s) was or were and we cannot speculate - it would be wrong to do so. The fact is that the injunctions were - as Mr. Picot who appeared on his own behalf and on behalf of the two companies, submitted to us - lifted therefore he said there was nothing to prevent his continuing trading which, according to his affidavit, his two companies had been doing for a very long time using the Veka products. But the injunctions it should be noted in the first action were not lifted on 21st August, 1986, and are still in force.

Leading up to the present application by the plaintiffs this afternoon is the fact that Mr. Picot noticed that the defendant company was advertising Veka products and he wrote to them on 28th February, 1997, as follows:

"The Directors  
Creative Window & Conservatory Company  
2, The Firs  
Le Clos de la Marquanderie  
St. Brelade

Dear Sirs,

It has been brought to our attention that you have recently advertised that you are "Network Veka Agents" for the Island of Jersey and that adverts have been placed in the Jersey Evening Post both last week and this week.

5 We wish to bring to your attention the fact that our Company has traded continuously under the business names of Veka Windows and Vekaplast Windows since the 18th October, 1982, having acquired the goodwill in these names through extensive trading in the same as far back as 1979." I should stop there to say that one should have regard to the fact that the original Veka products as I have said emanated in Germany, were then marketed in the United Kingdom and eventually found their way to Jersey and were sold locally by Mr. Picot on behalf of Veka to start with and then through his own companies manufacturing them under the trading name of the Guernsey company.

15 "We therefore ask you to cease forthwith any use of the name Veka in respect of windows, doors, conservatories, roller shutters and wall shutters.

20 Would you kindly reply formally to this letter, giving an undertaking on behalf of yourselves as directors and on behalf of your company that you will not use the names of Veka and/or Vekaplast to promote in any way any of the following products:

25 Windows, doors, conservatories, roller shutters and wall shutters and all other products so related.

We would be grateful to receive this written undertaking within twenty-one days of the above date.

30 Should the promotion of these names continue in the interim and/or the above undertaking not be given then proceedings by way of an action for passing off will commence without further notice.

35 We strongly advise that you seek legal advice upon receipt of this letter.

Yours sincerely,

40 T.A. PICOT."

45 The defendant company did not cease trading nor did it give the undertaking sought in that letter and the next step was an Order of Justice by the defendant company against the plaintiff company dated 29th April, 1997, requesting an injunction against each of the defendants, (that is to say the plaintiffs in the present action) that they would not - pending further order of the Court - repeat to Creative Window & Conservatory Co Ltd or any other person in any form whether oral or otherwise the statements made in the letter I have referred to of 28th February. An interim injunction was obtained.

55 In May of this year, the present plaintiffs brought the instant Order of Justice but did not obtain from the Deputy Bailiff - because he did not have before him an affidavit which we now have - the interim injunction which the plaintiffs now ask this Court to impose on the defendants.

The law is well expressed in the English cases and, for these purposes, we have regard to two of the principal ones. Series 5 Software Ltd -v- Clarke & Ors. (1996) 1 All ER 353 followed a much earlier case of some twenty years previously, American Cyanamid Co -v- Ethicon Ltd (1975) 1 All ER 504. In the Software Ltd case apparent contradictions in some passages in the Cyanamid case (and in other cases) were examined. It is not necessary for me to refer to them in detail because a very helpful *resumé* of the principles governing the exercise of the imposition of an interlocutory injunction is contained at p.865 of the Software judgment and I read from that page beginning at paragraph f:

*"Accordingly, it appears to me that in deciding whether to grant interlocutory relief, the court should bear the following matters in mind. (1) The grant of an interlocutory injunction is a matter of discretion and depends on all the facts of the case. (2) There are no fixed rules as to when an injunction should or should not be granted. The relief must be kept flexible. (3) Because of the practice adopted on the hearing of applications for interlocutory relief, the court should rarely attempt to resolve complex issues of disputed fact or law."*

I pause there for a moment to say that there is a complex matter of disputed law as to the rights by which Mr. Picot's companies - I call them that in a general sense - can lay claim to the use of the words "Veka", "Vekaplast" and similar derivatives. Whether it is in common law or whether it is - as he claims - by registration of his business name, is not for this Court at this stage to determine. It is a complicated matter and will require careful reflection when the whole issue comes to Court. I should just add that the Order of Justice of 1988 in relation to the passing off matter brought against the present plaintiffs in this summons by Veka AG has not yet been heard. It has gone through a number of vicissitudes. It may be that one of the reasons it was not able to be heard earlier was that Mr. Picot through his companies was pursuing a number of other matters, two of which I have mentioned. One went to the Court of Appeal and then to the Privy Council where he succeeded in a claim against his then firm of advocates. So that if there was a delay on the side of the Veka company it might be said to some extent that it has been balanced by the quite proper activities of Mr. Picot in seeking to protect his companies' interests during the interim period. Be that as it may, that case is now proceeding a little more expeditiously; interrogatories have been served. Mr. Thacker has said that one of the delays was the large number of interrogatories served by Mr. Picot, some of which but not all were allowed by the Greffier. However, that is now in hand and I may, I think, express the wish of the Court in saying that we hope that the case will soon come to trial because the sooner the substantive issues are resolved between these parties the better for both their businesses. I now continue reading from the passage in the Software judgment:

*"(4) Major factors the court can bear in mind are (a) the extent to which damages are likely to be an adequate remedy for each party and the ability of the other party to pay, (b) the balance of convenience, (c) the maintenance of the status quo, and (d) any clear view the court may reach as to the relative strength of the parties' cases."*

I address my mind first to the question of damages. The defendant company is a very young company. It has hardly traded and in fact it has not yet had its first accounts passed. It has barely been trading for a year; it has a very small capital; the shares are held by the wives of Mr. Bowen and Mr. Le Couilliard and Mr. Le Couilliard, very frankly, when he gave evidence about the financial position of the company, made it clear that any award of damages in the region of £5,000 would be difficult to meet. On the other hand, Mr. Picot, who also gave evidence about the financial position of his companies, made it clear they were trading at a loss. He put the loss partly down to the legal expenses that had been incurred over the years in litigation in which the companies have been involved. But he did say that one of the shareholders - his co-shareholder in the Guernsey company, Vekaplast (CI) Ltd - was a multi-millionaire and would assist the company to meet any claim in damages. That was not, in fact, mentioned in the affidavit which we now have before us and which presumably would have been before the Deputy Bailiff had Mr. Picot realised that in seeking an interim injunction he would have to produce it. What is said in that affidavit which is dated 9th June, 1997, is contained at paragraph 26:

*"The plaintiffs in seeking this injunction do so by accepting liability for damages which may be deemed to evolve from the enforcement of this injunction if their action against the defendants were to fail."*

What that affidavit does not disclose is the fact as we have discovered from Mr. Picot this afternoon: that since the company was making trading losses - and Mr. Picot was quite frank about it - he would have to rely on the goodwill of his rich partner in Guernsey. The legal position is quite clear: if an award of damages were made against the Picot company and Vekaplast, those companies might not be able to meet it any more easily than an award of damages against the defendant. Therefore there is not very much to judge between the two on the question of damages.

Taking all the facts into consideration and having regard to the long history of the dispute between Veka and Mr. Picot and noting that Veka was attempting actively to promote its trade in Jersey through the defendant company, which it is entitled to do, we now have to look carefully at the Order of the Royal Court of August, 1986, which has caused so much trouble and worry to Mr. Picot.

The wording of that Order is very clear, reflecting a Consent Order but it really does not matter whether the Order was made by consent or whether it was imposed; it is the words which count. The Court ordered the First and Second Defendants to acknowledge that the right of ownership of the trade marks and names Veka, Vekaplast and Vekaplast Windows is vested in the plaintiffs. Mr. Picot said that the word "sole" right would have made it clearer if the Court had been so minded and that the omission of the adjective "sole" means that a number of other people, including himself, could have a right to the ownership of the trade marks. I find that difficult to accept. There can only be one definitive right and that is declared firmly in that Order to belong under the trade marks and names of "Veka", "Vekaplast" and "Vekaplast Windows" to the plaintiffs in that action. To me that is very clear indeed. It is no wonder that Mr. Picot attempted to challenge the Order

because it is something which tells very much against his claim in this particular action before us this afternoon and it is something to which this Court has had full regard.

5           Moreover, Mr. Picot in seeking the injunction this afternoon which he is asking us to impose, claims that the second plaintiff, Vekaplast Windows (CI) Ltd, is the owner of the name Vekaplast Windows by incorporation and has traded continuously as the same in the Island of Jersey since September, 1980, first through marketing, then followed in  
10           January, 1981, by the supply and distribution of its manufactured goods in conjunction with the first plaintiff. They claim in paragraph 13 of the Order of Justice of 7th May, 1997:

15           *"The plaintiffs together enjoy the proprietary rights in the trade marks and trade names of Vekaplast and Veka in the Island of Jersey under the common law. Such rights arising from the first use and the goodwill generated through continuous use thereafter."*

20           Those claims fly in the teeth of the very clear Order which this Court made in August, 1986. Under the circumstances this Court is not prepared to impose the interim injunction asked for by the plaintiff in this summons this afternoon and it is therefore refused.

25           Costs shall be in the cause.

### Authorities

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

Sayers -v- Briggs & Company (Jersey) Ltd (1964) JJ 399.

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

Vekaplast -v- Picot (1989) JLR 269.

Vekaplast -v- Picot (1990) JLR 163.

4 Halsbury 48: para. 274: Trade Marks.

Trade Marks (Jersey) Law, 1958.

American Cyanamid Co -v- Ethicon Ltd (1975) 1 All ER 504.

Series 5 Software Ltd -v- Clarke & Ors (1996) 1 All ER 353.