

BARBADOS

[Unreported]

IN THE SUPREME COURT OF JUDICATURE

HIGH COURT

CIVIL DIVISION

No. 801 of 2013

BETWEEN:

FREEDOM TELECOM INC.

FIRST CLAIMANT

(Trading as FLOW (Barbados),

Flow Communications, FLOW Talk,

FLOW Internet, FLOW TV and FLOW Mobile)

NET2VU (BARBADOS) INC.

SECOND CLAIMANT

(Trading as FLOW (Barbados),

FLOW Communications, FLOW Talk,

FLOW Internet, FLOW TV and FLOW Mobile)

AND

TELE (BARBADOS) INC.

DEFENDANT

Before:

The Honourable Mrs. Justice Jacqueline A. R. Cornelius, Judge of the High Court

Appearances:

Mr. Alvin D Bryan for the Claimants

**Mr. Dale Marshall Q.C, Andrew Thornhill, Diana Douglin of George Walton Payne
& Co. for the Defendants**

2013: May 17

2013: June 03

DECISION

Introduction:

1. On May 14, 2013, Freedom Telecom Inc (“Freedom”) and Net2VU, two companies who have registered the trade names FLOW in a number of different combinations, filed a claim for an injunction and damages against Tele(Barbados) Inc., on the basis that Tele(Barbados) had infringed the claimants’ right to the trademark FLOW. This present application is for an interlocutory injunction to prevent the defendants from using the tradename FLOW and its derivatives until the hearing of the substantive action.

Facts:

2. The salient facts are not disputed, and may be gleaned from the affidavits from Shontell Murrell, secretary of Columbus Communications Limited, the parent company of the defendant and Scott Weatherhead, director of the claimants, Freedom and Net2Vu.
3. Freedom and Net2Vu are both companies incorporated under the Companies Act. The first was set up for the purposes of operating telecommunications services, the second for sale, service and distribution of computer peripherals, and also the internet protocol television business.
4. On the 9th June 2009, Scott Weatherhead, one of the two directors in each company registered the business names of ‘FLOW Barbados’ and ‘FLOW Communications’ naming himself as manager and citing the business of the firms as providing internet and telecommunication services in Barbados.

5. On the 15th April 2013 Weatherhead registered the names FLOW Talk, FLOW TV, FLOW Mobile, and on the 22nd April 2013, he transferred all the names, rather evenly distributed, to Freedom and NET2VU.
6. Tele(Barbados) is also a company incorporated in Barbados since 2002, for the purposes of providing telecommunications services. In March 2013, Tele(Barbados) and another company, Karibcable Inc. (Karib) , also a Barbadian company were acquired by Columbus Communications Inc. (Columbus), an International Business Company (IBC) incorporated under the Laws of Barbados. The defendant is therefore a wholly owned subsidiary of Columbus, also a telecommunications company. Columbus, through another subsidiary Columbus Network Limited claims to be , according to the affidavit of its secretary “ a leading provider of advanced point to point clear channel wholesale broadband capacity services and Internet Protocol services to telecommunications carriers, Internet Services Providers and large corporations operating in 27 countries and territories in the Caribbean and Latin America.” That is as it may be, suffice to say that it is a telecommunications company which offers telecommunications services throughout the Caribbean, and that they acquired Tele(Barbados) to facilitate their entry into Barbados’ telecommunications and internet marketplace. A substantial media and marketing campaign ensued, including an event called ‘Flow World’ in Barbados and has since been offering internet and telecommunication services in Barbados under the unified FLOW brand name, referring to these services as “Watch, Talk, Click”.
7. After the revelation in the press that Columbus intended to launch the FLOW brand in Barbados, Mr. Weatherhead directed his attorneys to assert his “property” rights in the name FLOW, but to offer for sale the name “FLOW Barbados” and “FLOW Communications” to Columbus for one million US dollars plus 15% legal costs.
8. Columbus did not agree, and again Mr. Weatherhead directed his attorneys to write asserting his rights as he felt them to be, and threatening legal action if Columbus did not cease using the name FLOW in its Twitter accounts and website. Likewise a Facebook page using the name FlowBarbados was removed after Mr. Weatherhead complained to Facebook. Print and radio advertisements for FLOW by Columbus continued unabated, and it was then that Mr. Weatherhead registered the additional names as mentioned above.

9. On April 18th, the attorneys for Tele(Barbados) wrote to Mr. Weatherhead through his attorney, denying that the claimants had any proprietary interest in the name FLOW, and advising that Columbus owned the trademark FLOW in Jamaica, Trinidad and Curacao, and that applications were pending in Barbados. It asserted its ownership of the brand/name FLOW and demanded that Mr. Weatherhead cease using the name. In fact, it is not at all disputed that in June 2012 Columbus International Inc (an affiliate of the defendant' parent company Columbus) has applied for the registration of numerous trademarks: FLOW, in many different categories, and FLOW Watch.Talk.Click. Mr. Weatherhead has objected to the registration of all the trademarks on the basis that his firm has been operating under the brand FLOW since 2009. Those applications are still pending.

The Present Application:

10. The claimants contend that the Defendant and its affiliate companies has infringed its rights to the trade name FLOW by offering services in Barbados under the name or brand of FLOW or FLOW BARBADOS, and seek a number of orders restraining the defendant from infringing the claimant's right to use the trade name FLOW, using the name in any form or in any business activity, or to apply for a trade mark of the name. They also seek orders that the name FLOW be removed from anything such as kiosks, vehicles, advertising stationery, promotional material and the like.

ISSUES

11. It is the contention of the claimants that they have a proprietary interest in the name "FLOW" by virtue of their registration under the **Registration of Business Names Act Chapter 317** of the Laws of Barbados, and therefore the exclusive right to the name. Such right, they claim, easily grounds an application for an interlocutory injunction. The defendant resists any such proposition, denying that there is any such right.
12. Secondly, the claimants allege that the defendant and the affiliate and subsidiary companies engaged in acts of unfair competition and conduct contrary to the **Protection of Unfair Competition Act 1998-20** by performing acts during the course of commercial activities which caused or is likely to cause confusion with respect to the claimant's

business enterprises, products or services, goodwill or reputation offered under the name FLOW. The use of the name FLOW by the defendant, say the claimants, is likely to confuse the public about the true ownership of the group trade name FLOW.

13. The issue therefore is, as in all injunctions, whether on these facts, an injunction should be granted.

LAW

14. By **Section 44 (b) of the Supreme Court of Judicature Act, Cap.117A** the “High Court may, at any stage of any proceedings...

(b) grant a mandatory or other injunction...” .

15. The guidelines for the exercise of my discretion in determining whether or not to grant or to discharge an interlocutory injunction were established in **American Cyanamid Co. v Ethicon Ltd [1975] AC 396** and recently restated by the Barbados Court of Appeal in **Toojay’s Limited v Westhaven Limited Civil Appeal No. 14 of 2008 (unreported)**. Recognising that the granting of an interlocutory injunction was not, in the pithy language of Lord Hoffman in **National Commercial Bank Jamaica v Olint Ltd [2009] 1 WLR 1405** at 1410a “type of box ticking exercise”, the Court in **Toojays** reasserted that the **American Cyanamid** test clearly proposes a two stage enquiry (per Burgess JA at paragraph 42), the first inviting a consideration of whether there is a serious case to be tried, and if that question is answered in the affirmative, the further task is to determine the balance of convenience (justice). With regard to the second, in order to achieve the statutory balance of convenience, the Court must engage in the complex task of inquiring into the balance of justice, and in doing so consider not only whether the granting of the injunction might or might not cause “irreparable prejudice” (per Lord Hoffman in **Olint**, supra at 1409) but also as a significant factor, whether if the claimant succeeds he will be adequately compensated by damages for loss sustained between application and trial. If the claimant can be so compensated in damages the defendant should not be restrained by an interlocutory injunction except in exceptional circumstances.

Serious Issue to be tried?

14. In determining whether there is a serious issue to be tried, the claimant must reach a threshold expressed thus: firstly the claimant must have a cause of action in law entitling him to substantive relief, and secondly, the claim must not be frivolous or vexatious. Here, the court is not required to try to resolve any conflicts of evidence or undertake a detailed consideration of the law.

Nature of rights acquired by trade name registration:

15. Under section 3 of the **Registration of Business Names Act, Cap. 317** of the Laws of Barbados, every “firm” or “individual” who carries on a business under a business name which does not consist of the true names of the partners of the firm or the individual is required to register that business name in the manner directed under the Act.

16. Counsel for the claimants argue that the registration of the business name FLOW under the **Registration of Business Names Act** creates a proprietary interest in the name, essentially they “own” the name FLOW and no other entity may use it without their express permission. No legal authority for this proposition has been provided, but Mr. Bryan in his submissions draws to the court’s attention that when Mr. Weatherhead gave notice of change of ownership of the firm, he was referred to as the owner. From this counsel argues it may be implied that he is the owner of the name. However, a reading of the statute reveals that what Mr. Weatherhead refers to in his affidavit as transferring the name FLOW to the claimant companies, is no such thing, what he was actually doing was advising the Registrar that the firm which now carried on business under the name FLOW had changed ownership, and that the new owners of the firm were the claimants. If he owns the name FLOW it cannot be on this basis.

17. Further he depones and it was originally argued that various provisions in the **Trade Marks Act, Cap 319** of the Laws of Barbados, in particular s 8(1) required the consent of a business name owner before a trademark could be registered but it is clear that that provision has been repealed and replaced by provisions where consent is not required. So that slender connection also fails.

18. The defendant flatly denies the existence of any proprietary interest or an exclusive right to use a business name arising on registration. In the case of **L&L Haulage & Equipment (Hamilton) Limited v. Canadian Aviation Investment Group Inc. [2006] O.T.C 316**, the Ontario Superior Court of Justice held that on the facts before them the

plaintiff had not established any proprietary interest in the use of a name registered under the Business Names Act RSO 1990 c.B 17. The facts are interesting. The applicant for the injunction Canadian Aviation Investment Group had purchased property from L &L Haulage, which was known and advertised as Stoney Creek Airport and a sign to that effect stood on the premises. They registered the name under the Business Names Act. L&L Haulage then purchased property adjacent to this property, and constructed an airport. They erected a sign which had previously stood on the lands they had sold, and added a new sign which read “Stoney Creek Airfield.” They not only refused to take them down but registered the names Stoney Creek Agricultural Airport and Stoney Creek Agricultural Aerodrome in 2003. The court refused to grant an injunction to restrain L &L Haulage from using the business names registered. It pointed out three things. First, the person seeking an injunction of this nature need only establish that they have a proprietary interest in the trade name or phrase on a balance of probabilities. Secondly, the only evidence of the proprietary interest was their allegations that they acquired the name in the purchase, but there was nowhere in the documentary exhibits any evidence of such a transfer. In those circumstances, the applicants could not rely on the registration of the name under the Business Names Act since “registration under that Act is intended to record that a person or corporation is carrying on business under a name other than its own, setting out the name under which the business is carried on.” (Per Lofchik J at paragraph 17). Registration did not, in the court’s view create an exclusive right to the name. Thirdly, on the facts the applicant knew that the respondent had used the name 1995, that they had retained the right to the sign containing the name “Stoney Creek”, and had never used the name Stoney Creek in its own business. The respondent in fact had a higher and better right to use the name “Stoney Creek Airport” or a variation thereof, as a result of its prior and continuing use.

19. In another Commonwealth Case, this one from the Federal Court of Australia, the applicant sought urgent interlocutory relief in a claim for infringement of trademark, contravention of the Trade Practices Act 1974, the Fair Trading Act 1999 and passing off. The matter involved the use of the business name Lonestar Saloon, which had been registered by the respondents. The applicants had also had a registered business name but had allowed it to lapse. The applicants operated a chain of steakhouses in Australia, but

not in the location of the respondent's enterprise nor were they any plans to do so, but they had a trademark and thus there was no issue that there was a serious issue to be tried. This was clearly a case of trademark infringement. However, the important point is that the court noted, albeit obiter because this was not the issue, that the respondent was mistaken in her belief that the registration of a business grants a right to carry on business in that name, let alone a right to do so in infringement of another person's trademark. It was merely for the purpose of complying with the Act.

20. Both these cases are of persuasive authority only, but the court finds them highly persuasive. In the present case the claimants build their case firmly on the premise that the Act grants exclusive rights to use the name "FLOW" arising from registration, and that a proprietary interest has arisen there from. By registering the name they have complied with the legislative requirement not to carry out business in a name other than their own. Registration alone cannot ground their claim to an exclusive right to use the name. It cannot therefore be said that there is any serious issue to be tried in respect of the claimant's right to restrict the defendant's use of the name FLOW on the basis of prior registration only. This is not a matter of deciding a difficult question of law which calls for detailed argument and mature consideration, which process is prohibited by **American Cyanamid**, but more a simple construction of the statute.
21. But is there evidence that the claimants have by any other means acquired a proprietary interest in the name? A person may acquire a proprietary interest in the goodwill between himself as the trader and his customers to which the trade name is attached, but strictly speaking, there is no property in the name as such. The claimants seek damages against the defendant for engaging in conduct that is likely to cause confusion or continues to cause confusion with the product, services, goodwill or reputation of the claimants. Here they may be on stronger ground, since the claimants allege that they have been trading under this name, in the provision of internet services, telecommunications services, phone services, mobile phone and the like. In fact, at first blush it seemed as if the claimant was making a claim under the tort of passing-off but neither the pleadings nor the evidence support this. A passing-off action is based on false representations about goods or services. It is a claim for the protection of goodwill, since there is no property in a name

as such. There is absolutely no evidence of this presented to the court at this interlocutory hearing.

22. Except for a logo and a letterhead, there is absolutely no evidence that any telecommunications business, in fact any business at all, has been carried on under the name FLOW by the claimants, nothing betrays their presence in the marketplace nor any of the elements necessary to ground a claim under this head. Shontelle Murrell, in her affidavit for the defendant depones that apart from the registered address, no telephone listing, value added tax registration, or any other markers of trade exist.
23. Further, there is no evidence of the injury to good will or reputation essential to such an action. Had there been, the court may have found that there was a serious issue to be tried. On the other hand, it is not denied that the respondents have established a brand in the market, the evidence of the claimant is rife with examples. So it is worth emphasizing that on the evidence presented by the respondent, and on the claim as pleaded it is difficult to see how there can be said to be a serious issue to be tried on this ground.
24. The claimants would need to, in my mind, establish goodwill or reputation attached to the services and goods, a misrepresentation to the public, and a likelihood that it will suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the Claimant (**Cadbury-Schwepps v Pub Squash [1981] R. P. C. 429**).
25. This court is not making any comment as to the merits of the claim, but asserting that the evidence has not been presented at this hearing. As Lawton L.J observed in **Tetrosyl Ltd. v Silver Paint and Lacquer Co. Ltd. [1979]** CAT no. 599 reported in New L.J August 1980 "a serious question ...can only arise where there is evidential backing for it."
26. The claimant has also made a claim for damages for unfair competitive practices. This was not argued before me in any great detail, in fact both sides placed their eggs in the registration of business names basket. This is regrettable because under section 4 (1) (a) (i) and section 5 (b) of the **Protection Against Unfair Competition Act 1998-20** an injunction can be obtained in respect of a "trade name" where another person's use of it "causes or is likely to cause confusion with respect to another person's enterprise or activities and to the products or services offered by such person." The claimants'

argument here is that confusion has arisen or is likely to arise between his telecommunication company which trades as FLOW and the use of FLOW by the defendant in exactly the same field. Even though the claimant need only establish that confusion “is likely” to arise with its “enterprise, activities and to the product or services” and it is possible that “enterprise and activities” provide a wider scope than the tort of passing off, there still needs to be evidence of confusion, other than the mere fact that the two entities are using the same name in the marketplace. Thus my reservations with regard to this head of the claim are the same as expounded before, and likewise I find no serious issue to be tried here. Although I have found that there is not, on the evidence, no serious case to be tried it is prudent, although not necessary, to go on to consider the other aspects of the tests, that of damages and the balance of convenience.

Where does the balance of convenience lie?

27. The case of **Toojays** (*supra*) restates the **American Cyanamid** proposition that once the first question as to the existence of a serious case to be tried is answered in the affirmative, the second further question becomes whether the balance of justice lies in favour of granting or refusing interlocutory relief, and that a “significant factor” in assessing the balance of justice is the question whether if the plaintiff succeeds he would be adequately compensated in damages for loss sustained between application and trial. As Burgess JA stated:

“This approach views “damages” as referring to those damages which are legally recoverable in the action, and “adequate” as being synonymous with quantifiable. It proposes as a general rule...in the words of Buckley LJ in the English Court of Appeal decision in **Polaroid Corporation v Eastman Kodak Co. Ltd [1977] RPC 379** at **395**, ‘if the plaintiff can be compensated in damages for anything he may wrongfully suffer between the date of the application and the trial, the defendant should not be restrained save in exceptional circumstances’.

28. The issue of damages looms particularly large in this case. Loss of goodwill, especially in passing off, copyright and associated matters like this one in which a proprietary interest is claimed in a name cannot be inferred, it must be specifically pleaded. **CMC**

Mortgages Ltd et al v Canadian Mortgage Expert Centre Ltd. et al 2008 FC 6, although a trademark infringement case, is instructive in this regard. In that case the court held that a finding of confusion between competing products, and likewise I would say activities and enterprises, do not necessarily lead to a loss of goodwill for which a plaintiff cannot be compensated for in damages (paragraph 23). Although the court was there speaking of the “irreparable harm” test intrinsic to the Canadian injunction jurisprudence, this court agrees that if loss of goodwill is to be established there must be clear evidence, that is, it must be shown that the claimant’s reputation had been impeached or lessened by the actions of the alleged infringer, or specific evidence as to the confusion which had been made out or had led to any customers to stop dealing with or even to consider not dealing with the claimants on future occasions.

29. The claimant has not established any loss of good will which would bring this case within the exceptional circumstances. On the contrary, Mr. Weatherhead has deponed that when he was the registrant of the trade name he was willing to sell the use of the name to the defendant company for one million United States dollars. That indicates to the court that it is possible to quantify to some extent the damages which the infringement of the use of the name will attract if he is successful. In all other instances of damage and loss, the claimant may easily quantify his loss, not only until trial, but after trial if he is successful. In those circumstances he should be restricted to damages pre-trial.
30. I therefore consider that in keeping with the **Cyanamid** principles, that damages would be an adequate remedy.
31. Having considered first the issue of adequacy of damages, I turn for completeness to other factors affecting the balance of justice. First, the defendant has deponed that if restrained they would suffer losses in the region of thirty-five thousand United States dollars per month. Secondly, the claimant has shown no evidence of having done anything in the marketing terms of advertising, sales, in fact they do not show that they have even one customer trading as FLOW. The defendant on the other hand, while they may continue trading if restrained from using the name, would have to dismantle their entire product line, registration forms, advertising campaign, all of which are branded with the name FLOW. I also note that the defendant has not, according to the evidence

registered the name FLOW under the requisite Act, but that its parent company Columbus has applied for a trademark.

32. It is not disputed that the defendant's parent company Columbus Communications operates under the Trade Name 'Flow' in other countries in the Caribbean by providing internet and telecommunication services and has trademarked that name elsewhere. Columbus Barbados Ltd., through the defendant, launched its services in Barbados in April 2013 under the name 'Flow'. It has expanded its presence in Barbados since that time. Mr. Weatherhead pointed out that it has set up a kiosk under the name 'Flow' at Sky Mall located in Haggatt Hall in the parish of St. Michael, Barbados. Columbus Barbados Ltd, trading as Flow presently offers services to the Barbadian public.
33. The claimants have provided no evidence that they are presently providing services in Barbados under the Trade Name 'FLOW'. It is reasonable to conclude that the greater risk of injustice in granting the injunction lies with the defendant. Thus, the balance of justice in this case lies in favour of not granting the injunction.
34. In view of the fact that I have found that there is no serious issue to be tried, the application is dismissed. Had I found otherwise, I would still have been constrained to dismiss the application on the Cyanamid principles. There is an order for a speedy trial. Costs are awarded to the defendant, certified for two counsel, to be assessed. The parties may arrange a date for hearing.

Jacqueline A. R. Cornelius

Judge of the High Court