ROYAL COURT

6th April, 1989

Before: The Bailiff and
Jurats Blampied and Hamon

Between	**Alpha Print Limited**	Plaintiff
And	**Alphagraphics Printshops of the Future (UK) Limited**	First Defendant
And	**Caxton Connections Limited**	Second Defendant

Trading names dispute. Interlocutory application by the first and second defendants to raise the interim injunction imposed on them by virtue of the service on them of the Order of Justice in the above action.

Advocate A.P. Begg for the plaintiff,
Advocate G.R. Boxall for the first and second defendants.

JUDGMENT

THE BAILIFF: This is an application by Alphagraphics Printshops of the Future

(UK) Limited, the first defendant, and Caxton Connections Limited, the second defendant, to raise an interim injunction taken out at the instance of the plaintiff, Alpha Print Limited. That latter company was registered in Jersey, it being a Jersey company, on the 28th September, 1984, but before that the beneficial owners had traded as Alpha Print for some ten months and had registered a business name to that effect, which was released when the company was incorporated.

The company registered with the Registrar of business names in Jersey, the business name of Alphagraphics, on the 31st January, 1989. It has not yet traded as such, but the turn-over of its previous business, we are told, is in the region of some £350,000 a year.

The affidavit of Mr. Le Clercq shows that the company had been intending for some time to register that business name in order to use it as a trading name for the graphics side of the plaintiff's business. Be that as it may it was registered at a time when it must have been clear to the plaintiff that the first defendant was contemplating coming to Jersey because work was being done at 35 Broad Street.

Alphagraphics Printshops of the Future (UK) Limited is a company which stems from Alphagraphics Printshops of the Future, a form of printing and graphic arrangements which was established in the United States in 1970 and according to the affidavit of Mr. Colin Lea, who is the managing director of the first defendant company, that kind of business now operates as one of the largest chains of print shops in the United States of America.

G.A. Pinder and Son Limited is a company, which again according to the affidavit of Mr. Lea, is a substantial and fast growing private printing company established in 1836 operating some nine printing establishments in the United Kingdom and employing some 850 persons with an international reputation of the application of computerised technology in the print and communications industry.

Arrangements were made to franchise the method used by APF (to use an abbreviation) in the United Kingdom and Jersey and to that end Pinder was to operate the franchise which covered Jersey, and the first defendant is

therefore a subsidiary of Pinder and we are told again as a result of the affidavit of Mr. Lea, that under the master licence agreement, Pinder has invested $560,000 in the master licence acquisition and has committed itself to the venture of opening shops, three at the moment in Leeds and Manchester and four franchise shops in Jersey, subject to the action, has committed themselves to something not less than £1.5 million all funded from sources of Pinder and has spent over £150,000 per shop. It is said, again according to the affidavit, that the investment by the second defendant in the Jersey shop at 35 Broad Street, exceeds £150,000.

The persons who were concerned, perhaps, mainly with this injunction are not necessarily the big companies to which I have referred, but in fact, so far as the defendants are concerned, they are a Mr. and Mrs. Maurice Cavally who applied to the first defendant company early in July, 1988, for a franchise to operate the Alphagraphics Printshops of the Future system in Jersey. We have not heard any evidence but again the affidavit discloses that Mr. Cavally is a very experienced print manager and Mrs. Cavally has extensive computerised typology skills.

The application was approved in August, 1988, and eventually a lease was granted on 35 Broad Street, guaranteed by Pinder and all the necessary arrangements were put in hand and were successful. All the necessary consents were obtained and the shop opened with a certain amount of publicity on the 13th March, 1989.

However, a few days before that, on the 8th March, 1989, Mr. Begg, acting for the plaintiff, sounded a warning. He wrote to the shop and indicated that proceedings of this nature would be instituted unless they desisted from carrying out the business and using the name which they were then using.

On the 23th March, 1989, both the defendants, through Advocate Bailhache, having refused to accept that they were in breach of any common law and believing they had a absolute right to do what they did, having refused to comply with the request of Mr. Begg for the plaintiff company, as I said Mr. Begg obtained from the learned Deputy Bailiff on the 23rd March, 1989, an Order of Justice which contained an injunction and the injunction

was to operate as an immediate interim injunction restraining both defendants from: "carrying on the business under the name of Alphagraphics Printshops of the Future or under any name incorporating the word 'alpha', or the word 'graphics', or the word 'alphagraphics' or any other similar formulation or configuration which by sound, appearance or association may lead members of the public to be confused between the business carried on by the plaintiff and that carried on by the first and/or second defendants and (b) displaying any signs which indicate that the business is being carried out under the name described in sub-paragraph (a) hereof".

The first thing I want to say about that application is that Mr. Begg, quite properly, says it is not intended to cover any other place except Jersey and secondly he is not seeking to prevent the defendant companies from carrying on business in the specialised form of graphics which they do, provided of course they do not use the offending word or words.

The law on this subject is quite complicated but the Court has had the benefit of reading the authorities carefully collated by both counsel for which we are grateful, but it so happens there are a number of Jersey cases to which we have been able to turn for help. The first case is one which in fact, I think, had three hearings on different points. It is the case of Sayers -v- Briggs & Company (1963) JJ 249. In that case the learned Court said, referring to actions of this sort because it is a form of passing off. This is reported in Jersey Judgments (1964) at page 423. At page 425 the Court said this:

> "Now the first thing that has to be established in proceedings of this nature relating to the protection of a name is that the name must have acquired the characteristics of a "Trade Name", that is to say, it is a name that has become known in the Island as denoting a particular business or a particular person, firm or corporation engaged in trade. Once that has been established then the protection that the law will give to it is governed according to the principle of law already stated by the Court in the course of these proceedings - ...."

The learned Bailiff at the time is then referring to an earlier case between the same parties and he goes on:

> "No person is entitled to represent his business or his goods as being the business or goods of another and it is immaterial whether the representation is intentional or otherwise"."

That in fact really covers the complaint of the plaintiff in this case. However, there were a number of other matters referred to in the Briggs' cases and looking at an earlier case of the same saga as it certainly became, which is reported in Jersey Judgments (1963) at page 249, I read from page 250 and 251:

> "It does, however, appear possible for us to say that the law of this Island does recognise the following principles:-
>
> First. There is no property in a name.
>
> Second. No person is entitled to represent his business or goods as being the business or goods of another by whatever means that result may be achieved, and it is immaterial whether the representation is intentional or otherwise.
>
> Third. A person is entitled to trade in his own name.
>
> Fourth. A person is entitled to use a name which is solely descriptive of the business carried on by him.
>
> These principles tend to conflict and the one that will be held to prevail will differ from case to case".

Then the learned Bailiff refers to the word which was really an issue in that case, there is the word "Elegante" and the word "Elegance". "Elegance" was the name of the plaintiff's business and he called it a fanciful name. We agree that it certainly was a fanciful name and we have no doubt that "Alphagraphics" or anything of that nature is indeed a fanciful name. Therefore, the principles in that case can be applied to this one.

However, there are a number of other authorities which are useful to look at. First of all there are a number of basic principles which I have no doubt the learned Court in 1963 would have agreed with, indeed they almost anticipated the principles laid down by the House of Lords in the famous case of American Cyanamid -v- Ethicon (1975) 1 All E.R. 509 H.L. usually referred to as we know to the American Cyanamid in 1974. The basic principles which the English Courts and I have no doubt we follow in this kind of case have applied are set out in paragraph 6.04 at page 88 on the book called: "The Passing Off Law and Practice" by Drysdale and Silverleaf. In that paragraph which I have just mentioned the judgment of Lord Diplock is summarised as follows:

1. Has the plaintiff shown on the evidence before the Court that there is a serious question to be tried? If not, then no injunction is granted.

2. If there is a serious question to be tried, then the Court considers whether the damages awarded at the trial would be an adequate remedy for the plaintiff and if so, then no injunction is granted.

3. If damages would not be an adequate remedy for the plaintiff, the Court then goes on to consider if damages would be an adequate remedy for the defendant. If so, then normally an injunction will be granted.

4. If damages would not be an adequate remedy for the defendant the Court goes on to consider the fact as effecting the balance of convenience, i.e. which party will suffer more on compensatable damage from the grant or refusal of the injunction.

5. If the balance of convenience is fairly even then it is prudent for the Court to seek to preserve the status quo.

6. Finally where there is approximately equal uncompensatable damage to both parties it is proper to look at the relative strength of the parties' substantive cases where one is disproportionately stronger than the other, this may swing the balance".

However, we found some help from a further author. It is from the author, Mr Bean, in his work on "Injunctions". He says on page 23 of that work on the question of the inadequacy of damages, because it is really on that issue which this case hinges at the moment.

> "Inadequacy of damages (to either side).....
> (ii) If, on the other hand, damages would not adequately compensate the plaintiff for the temporary damage, and he is in a financial position to give a satisfactory undertaking as to damages, and an award of damages pursuant to that undertaking would adequately compensate the defendant in the event of the defendant succeeding at trial, an interlocutory injunction may be granted. If the plaintiff is not in a financial position to honour his undertaking as to damages, and appreciable damage to the defendant is likely, an injunction must be refused: see Morning Star Co-operative Society Ltd -v- Express Newspapers Ltd [1979] FSR 113".

Then to assist the Court he has also cited at page 25 some words from a judgment of May LJ in Cayne -v- Global Natural Resources plc [1984] 1 All E.R. 225 at 237h. He cites the passage but incorporates it in a paragraph of his own as follows:

> "The phrase 'balance of convenience' is open to criticism. It is a useful shorthand, but the balance that one is seeking to make is more fundamental, more weighty, than mere "convenience". I think it is quite clear that although the phrase may well be substantially less elegant, the "balance of the risk of doing an injustice" better describes the process involved".

And it is in that light that we have examined this case and applied the principles of Cyanamid as much as we can. However, there was a warning issued to us by Mr. Begg, quite properly, that if we felt that we were in danger so to speak of having the case tried twice and if we had sufficient matters before us, we ought in fact to try the case on the substantive issues. But that is subject to two qualifications. The first is to be found in another text book of Barnard, "The Civil Court in Action" published in 1985. On page 135 the author refers to a case threequarters of the way down the page, as

follows:

> "In NWL Lingford -v- Woods the House of Lords made it clear that the American sign in the case was not to be applied. Even though the evidence was disputed the parties accepted that the interlocutory decision would be effective to determine the dispute between them. Although we have to ask ourselves whether of course this interlocutory matter would be effective to determine the dispute between the parties and we came to the conclusion that it would not for this reason that whereas the local company is a relatively small company, it has on the other hand been established for a very long time and the work that it does is in the public eye something which that company performs and relates to that company its name. But the defendants, according to the affidavits, are firms of substance and have a great deal of backing behind them and it is inconceivable to us that they would regard an interlocutory decision as the final word. Therefore we think that they would not be satisfied with an interlocutory decision. If that interlocutory decision goes against them, would most certainly wish the matter to go to trial".

The matter as to whether there should be two hearings and how the Court should look at an application for the lifting of an interlocutory injunction was considered very fully by the Court only a short time ago, in 1986, and I refer to the case of Walters -v- Bingham 1985-1986 JLR 939 at page 439. That of course was a case concerning English solicitors and there were two Orders of Justice, parts of which are not at all applicable. But in the course of the judgment the learned Deputy Bailiff was referring to an earlier ruling of the Court which the Court had given on December 22nd, 1986 and this is what he said:

> "Dealing first with general aspects relating to both Orders of Justice, we are satisfied that there is a serious question to be tried".

That of course is the first question which is the test in Cyanamid and Mr. Boxall, very fairly, (indistinct) for the defendants has agreed and accepted that there is a serious question to be tried. The Court continues:

> "The tendency with regard to interlocutory injunctions is to avoid trying the same question twice - in a case such as this it would be very easy to fall into that trap".

That case of course is dependent upon its particular facts, but I go on to the top of page 445:

> "The court cannot avoid taking a preliminary view on these matters"

(that is the matter effecting that particular case)

> "but only to the extent that it must be satisfied that there is a serious question to be tried and the need for the court to give serious attention to any doubt that it has whether the existence of the right which either party is asserting is not sufficient to prevent the court from granting an interlocutory injunction.
> We have had to have regard to the degree of hardship in each case if the injunctions sought are either maintained or granted.
> The court has also considered the balance of convenience and the nature of the injury which the respective defendants, on the one hand, would suffer if the injunctions were maintained or granted and they should ultimately turn out to be right and that which the respective plaintiffs, on the other hand, might sustain if the injunctions were discharged or refused and they should ultimately turn out to be right.
> The court has also applied the rule that the burden of proof that the inconvenience which the plaintiff will suffer by the discharge or refusal of the injunction is greater than that which the defendant will suffer if it is maintained or discharged lies on the plaintiff in each case".

We cannot help being impressed by the fact that looking at a trade journal the title of which was not given to us, but we were told it was a trade journal, produced by Mr. Begg, although the full heading of Alphagraphics was used at the beginning, right through that trade journal article, the short word "Alphagraphics" was referred to it's not surprising because the full name is rather a long one. But nevertheless there is that abbreviation and we think there is much in what Mr. Begg says that that kind

of abbreviation clings to a business producing a particular form of graphic design.

Secondly, there was of course two disdirected letters in the post and that could be some evidence of some confusion. But looking at the matters as broadly as we can, we really think that there is a connection of Alpha with the printing business which has been established by the local firm for a number of years and we think again that it was right to continue to apply the sign in principle. We do not think we can accept Mr. Begg's invitation almost to try it completely because as I have said we are not satisfied the defendants would accept it as really disposing of the matter and there are a large number of items which are really in dispute as to exactly what was done and so on.

There is also, as a side issue, so to speak, the application by the defendants to register their business name, but we really are not concerned with the reasons given by the Greffier for it as to whether he accepts it or not. That is a matter which is not something which has any relevance to the decision we have to make of whether to continue the interim injunction or not.

Looking again at the sign reading principles we have already found that there was a serious question to be tried. The next question we have to ask ourselves: did we consider whether the damages awarded at the trial were an adequate remedy to the plaintiff and equally for the defendant? We have reached the conclusion in both cases they would not. It is very difficult to quantify and we answer both those questions in the negative.

We then come, if damages would not be an adequate remedy for the defendant also in effect, the Court goes on to consider the factors effecting the balance of convenience i.e. which party will suffer more uncompensatable damage from the grant or refusal of the injunction. We have reached the conclusion, having read the affidavits and looked at the authorities, that we think that the party which would undoubtedly suffer more uncompensatable damage would be the plaintiff's company and therefore we are going to reject the application for the interim injunction to be lifted and it will remain. In accordance with the practice as I understand it to be, unless

counsel wish to urge to the contrary, and I should add this, in coming to our decision of course we did take note of what Mr. Begg said which I referred to briefly at the beginning of my judgment that this interim injunction does not prevent the company carrying on its work and having the work sent to it through its other outlets throughout the world, but it just cannot operate under the offending name.

Now, as regards the question of costs, they are normally in the cause I believe, but unless counsel wish to urge to the contrary, that is what I propose to do. Costs in the cause.

Authorities cited:

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