

**NOODLES BAKERY LTD v LONG LIFE NOODLES BAKERY LTD**

HIGH COURT — CIVIL JURISDICTION

5 JITOKO J

28 August 2003

10 [2003] FJHC 291

**Tort — passing off — whether mandatory injunction proper — passing off Chinese noodles — likelihood of confusion — Trade Marks Act (Cap 240) s 38.**

15 The court granted Plaintiff’s application for mandatory injunction restraining the Defendant from passing off Plaintiff’s noodles. Plaintiff alleged that Defendant’s product was packaged in the same fashion and style as that of Plaintiff’s, including the wordings on the label as well as the logo. Defendant alleged Plaintiff’s material non-disclosure of facts and was only granted conditional approval as proprietor of the Trade Mark “Long Life Noodles and Chinese Character”.

20 **Held** — (1) Plaintiff stood to suffer greatly with the intrusion of the Defendant into its Chinese noodles market, especially when the brand names and labelling of both products are not dissimilar at all. However, the interest of all concerned will be better served if the injunction was removed and the parties proceed to the determination of their rights.

25 (2) Plaintiff was unaware of Defendant’s application before the registrar and it was not a legal requirement. There was no intention on the part of the Plaintiff to mislead the court or withhold facts that would have amounted to a material non-disclosure.

Mandatory injunction dissolved.

**Cases referred to**

30 *Attorney-General for the Dominion of Canada v Ritchie Contracting and Supply Company* [1919] AC 999; *Bonner v Great Western Railway Company* (1883) 24 Ch D 1; *Canadian Pacific Railway v Gaud* [1949] 2 KB 239; *Collison v Warren* [1901] 1 Ch 812; *Flour Mills of Fiji Ltd v Visama Atta Mills Ltd* Civ Act No 559 of 1993; *Foods (Pacific) Ltd v Eagle Ridge Investment (Fiji) Ltd* Civ Act No 444 of 2002; *Lees Trading Company Ltd v Universal Printing Press* Civ Act No 547 of 1992; *Meade v Haringey London Borough Council* [1979] 1 WLR 637, cited.

*G. O’Driscoll* for the Plaintiff.

*S. Sharma* for the Defendant.

40 **Jitoko J.** The Plaintiff company was incorporated on 23 October, 2001. Its main line of business is in the manufacture of Chinese noodles. There were three Directors namely, Leung Wei Neng, Kuang Qi Hao and Kuang Bai Nuan. The business began to thrive, selling its products under the brand name “Noodles Bakery”, printed on the label against a red background, and with the additional  
45 words “Long Life Noodles” inserted in a white rectangle background at the corner of the label. Approximately a year after the business opened, Leung Wei Neng broke away and set up his own Chinese noodles manufacturing business under the company name “Long Life Noodles Bakery Ltd”. Its products, according to the Defendant, came into the market early in March 2003 selling  
50 under the brand “Long Life Noodles Bakery”, such name appear on the label also against a red background.

Quite apart from the similarity in the brand name of the products produced by the Plaintiff and the Defendant, and the red label background and configuration of the package, both products had identical “Chinese Chef” figure as logo on the label with the same embolden inscription in Mandarin meaning “Long Life”.

5 The Plaintiff applied for a mandatory injunction restraining the Defendant from passing off its noodles as those of the Plaintiff’s. In support of its application, it referred to the factual outlines of the parties referred to above. In his affidavit in support, one of the Plaintiff’s directors, Kuang Bai Nuan, explained that since it began operation in 2001, it had managed to capture a good  
10 portion of the national market and retail outlets throughout Fiji. It has maintained a very reliable and good reputation in the approximate 18 months it began production, with the members of the public identifying with the quality of its products.

15 These all changed with the coming onto the market of the Defendant’s product that was packaged in the same fashion and style including the wordings on the label and as well as the logo. Placed side by side on any supermarket or other retail outlets, there is bound to be some confusion amongst the members of the public as to which is the Plaintiff’s product.

20 It was on the circumstances and facts as outlined in the Plaintiff’s ex-parte application, that the court on 10 July 2003, granted the mandatory injunction sought. While it appreciates the fact that such form of relief maybe only granted in exceptional circumstances, the court believed that the Plaintiff had shown a very strong and clear probability upon the facts that substantial damage will  
25 accrue to it in the future if the Defendant’s activities were not stopped.

### **Defendant’s arguments**

The Defendant’s application to set aside the order of 10 July 2003 and dissolve the injunction is firmly based on the ground that the Plaintiff had failed to make  
30 frank and full disclosure of the material facts before the court. Chief amongst these was the fact that the Defendant had applied and subsequently was granted conditional approval as the proprietor of the Trade Mark “Long Life Noodles and Chinese Character.” According to the documents annexed to Leung Wei Nang’s affidavit in support of the Defendant’s summons, the application for registration to the Registrar of Trade Marks was lodged on 26 May 2003. The Notice from  
35 the Registrar to the Defendant’s solicitors, advising them of the approval is dated 24 June 2003.

Other non-disclosures alleged by the Defendant include:

- 40 (i) that there was an agreement between the Plaintiff’s directors and Leung Wei Neng of the Defendant Company, that the latter was free to use the “Long Life Noodles” brand;
- (ii) that the Plaintiff is not a legally registered Company;
- (iii) that the Plaintiff had lodged its application to be the proprietor of the Trade Mark of similar description to that applied for by the Defendant;  
45 and
- (iv) that the Defendant is a duly incorporated Company and was merely using the name of the Company “Long Life Noodles Bakery” as the brand of its product.

50 At any rate, even if there were disclosures by the Plaintiff, counsel for the Defendant argues, that the interlocutory relief of mandatory injunction should not have been given. Counsel argues that only in very exceptional circumstances and

where a Plaintiff is able to show a very strong and clear case, will the court grant such a relief. The Defendant referred to O29/1/5 of the Supreme Court Practice (White Book) 1991 which states:

5 The Court has jurisdiction to grant a mandatory injunction upon an interlocutory application (per Fry LJ) in *Bonner v G W Ry* (1883) 24 Ch D1, p 10; and see *Collison v. Warren* [1901] 1 Ch 812 (application by the Defendants) but it is a very exceptional form of relief (*Canadian Pacific Railway v Grand* [194] 2KB 239 (CA)).

10 The Defendant also referred to Goldrein and Wilkinson publication “Commercial Litigation: Pre-emptive Remedies” 1991 (2nd Ed: Sweet & Maxwell) where the general principles for granting of mandatory injunction as set down by Lord Upjohn in *Redland Bricks Ltd v Morris* [1970] AC 652; [1969] 2 ALL ER 576, was fully explored.

### Plaintiff’s arguments

15 The Plaintiff’s case is firmly based on the tort of passing off. It says that within the 18 months of its operation it has claimed a commendable national market share for locally produced noodles. It had in the process acquired a reputation and goodwill amongst the general members of the public.

20 The Plaintiff vehemently denies that it had agreed, upon Leung Wei Neng’s leaving the Company, to use the name “Long Life Noodles Bakery” for his own products or in the formation of a competing company. Rather than an amicable parting the said Leung Wei Neng was removed by the Plaintiff for mismanagement. His shares was taken up by the remaining directors.

25 The Defendant further submitted that interlocutory mandatory injunction is not normally granted on affidavit evidence where the issues of facts are strongly contested: *Haringey v London Borough Council* [1979] 1WLR 637.

### Court’s consideration

30 The principles governing mandatory injunction was laid down in *Redland Bricks, Ltd v Morris* [1969] 2 ALL ER 576. Generally, while the Court has jurisdiction to grant a mandatory injunction upon an interlocutory application, it is a jurisdiction that is exercised very sparingly. And unlike interim injunction applications, the Cyanamid guidelines do not apply. As Lord Upjohn stated in *Redland Bricks* (at p 579):

35 A mandatory injunction can only be granted where the Plaintiff shows a very strong probability on the facts that grave damage will accrue to him in the future. As Lord Dunedin said, it is not sufficient to say “times” (*Attorney-General for the Dominion of Canada v Ritchie Contracting and Supply Company* [1919] AC 999, 1005, PC). It is a jurisdiction to be exercised sparingly and with caution but, in the proper case, 40 unhesitatingly.

The court when considering whether to grant mandatory injunction must also ensure if it should decide in favour of such a relief, that the injunction is expressed in a form that the person against whom it is granted knows exactly in fact what he has to do. Thus in *Havana Cigars and Tobacco Factories Ltd v Oddenino* [1924] 1 Ch the court granted an injunction, in a passing-off action, to 45 restrain “the Defendant, his servants and agents from selling or supplying in response to any order for ‘some cigars – Coronas’ or ‘Corona cigars’ or ‘a Corona cigar’, or ‘Coronas’ or ‘a Corona’ Cigars or a cigar not of a Corona brand unless it be first clearly ascertained that the customer who gives the order does not 50 require cigars or a Cigar of the Corona brand and no other brand”. In *Landi Den Hartog B V v Stopps* [1976] FSR 497, the court in granting the order in a case

based on alleged infringement of copyright in drawings, specifically restrained the copying of the items made from the drawing rather than the drawing themselves.

5 In considering the Plaintiff's application for a mandatory injunction in this case, the court had taken into account from the evidence produced before it, that the Plaintiff had begun manufacturing the similar if not the same product now manufactured by the Defendant, some 18 months earlier. The Plaintiff, in the estimation of the court, stood to suffer greatly with the intrusion of the Defendant into its Chinese noodles market, especially when the brand names and labelling of both products are not dissimilar at all. Having satisfied itself that the Plaintiff's case was very strong and clear, the court granted the relief sought. In so doing it specifically required the Defendant desist from carrying out certain actions pending the hearing of the case. The Plaintiff has also given its undertaking as to damages.

15 The Defendant in its Summons to Dissolve relied solely on material non-disclosure or withholding of facts by the Plaintiff upon its application to the court on 10 July 2003. The law as to non-disclosure in interlocutory application is very clear. In seeking interim relief an applicant is under a duty to disclose all matters that relate to the issues before the court. Not to do so is fatal to the application or if already granted, will result in setting aside of orders or findings.

20 In this case, the Defendant submits that the Plaintiff should have made known to the court that the Defendant had already applied and obtained approval albeit a conditional one, from the Registrar of Trade Marks, to be the proprietor of the "Long Life Noodles" and the Chinese Character. If such was the case, then the non-disclosure of this fact would certainly have constituted a serious breach on the part of the Plaintiff. However, the Plaintiff submits that at the time of its application, it was not aware that the Defendant's application had already been lodged with the Registrar of Trade Marks. This is evident from the fact that the Plaintiff filed its action on 25 June 2003 and that Gazette Notice on the Defendant's application was on 18 July. The letter from the Registrar to the Defendant's solicitors, advising the conditional approval is dated 24 June. While it is the responsibility of the Plaintiff to search the Registrar of Trade Marks to ascertain whether or not any claim has been lodged on an "unregistered" trade mark, in this instance, I find the Plaintiff's explanation perfectly plausible. The letter of objection was written to the Defendant by the Plaintiff's solicitors on the same date the Gazette Notice was published. This court is satisfied that the Plaintiff was genuinely unaware of the Defendant's application before the Registrar, and while it would have prudent for the Plaintiff to search the Register before filing this action, it was not a legal requirement. At any rate, the purpose of the publication of the application in the Gazette Notice, is to invite interested parties, such as the Plaintiff in this case, to file their objections to it. There was therefore no intention on the part of the Plaintiff to mislead the court nor withhold facts that would have amounted to a material non-disclosure.

45 The Defendant then raised the question of the legal status of the Plaintiff. Counsel confirmed that a search of the Companies Register reveals that there is no company with the name "Noodles Bakery Limited" only one "Noodles Bakery Company Limited" incorporated in October 2001, which is registered in the Companies' office. This proceedings including the application for mandatory injunction were made by a company that does not exist, according to the Defendant.

The Plaintiff readily concedes that in the preparation of the court documents in all the proceedings, a simple error of omission of the word “Company” had crept in and had been completely overlooked. It is however clear from all the documents before the court that there is sufficient nexus between the “Noodles Bakery Limited” and “Noodles Bakery Company Limited” for the court to identify them as one and the same entity. But even if the Defendant was serious in its intention on the issue, then counsel argues, it should have availed itself of the relief granted to it under O 2 r 2 of the High Court Rules, and apply to set aside on the ground of irregularity. However, this required of the Defendant not to have taken any fresh step after becoming aware of the irregularity, which according to the Plaintiff, it cannot possibly satisfy, having proceeded with this interlocutory hearing regardless.

It is patently obvious from the evidence before this court that the entity named as “Noodles Bakery Company Limited” appearing on the Register of Companies, and “Noodles Bakery Limited”, the Plaintiff in this proceedings, are one and the same company. The omission of the word “Company” from all the court documents does not, under O 2 r 1, of itself nullify the proceedings, no of any judgment or order that result therefrom.

In any event, as the Counsel for the Plaintiff correctly points out, the Defendant counsel cannot at this late stage of the proceedings, base part of its defence on what appears to be an irregularity as to form and contents, without being subjected to the test under the second limb of O 2 r 2 (1). Finally it surely is in the interest of the Defendant, given the interlocutory proceedings the parties had embarked upon and especially the undertaking as to damages made by the Plaintiff, that any defects as to form and contents on the latter” part, are rectified. This court does not find any merit in the Defendant’s submission on this issue.

There nevertheless remains the ground upon which the Plaintiff had obtained its interlocutory relief, namely, the passing off of the Defendant’s product as that belonging to the Plaintiff’s. Counsel for the Defendant referred the court to three recent Fiji Court decisions on passing-off action and injunction applications namely: *Lees Trading Company Ltd v Universal Printing Press* CA 547/1992 per Byrne J; *Flour Mills of Fiji Ltd v Visama Atta Mills Ltd* CA 559/1993 per Pathik J; and *Foods (Pacific) Ltd v Eagle Ridge Investment (Fiji) Ltd* CA 444/2002 per Singh J. Counsel indicated that in each of these cases, the court considered and where necessary, granted interim injunction only. It could very well be that the circumstances of these cases required of the court to consider only interim injunctions. In balancing whether to grant mandatory reliefs, the Court must take each case on its own peculiar situation. As Lord Upjohn summarised in *Redland Bricks Ltd* (above) (at 579):

The grant of mandatory injunction is, of course, entirely discretionary and unlike or negative injunction can never be “as of course.” Every Case must depend essentially on its own particular circumstances” [emphasis added].

There is no dispute as to the general principle of law in a passing-off action. As long ago as *Reddaway v Banham* [1896] AC 199 the House of Lords held that a trader is not entitled to pass off his goods as the goods of another trader by selling them under a name which is likely to deceive purchasers into the belief that they are buying the goods of that other trader.

In the circumstances of the facts surrounding this case and given the concession by the Defendant that the Plaintiff was the first to manufacture the Chinese noodles under the brand name “Noodles Bakery Limited” with “Long

Life Noodles” added on to the label, to be followed by the Defendant’s similarly packaged product under “Long Life Noodles Bakery Limited”, it would appear that the first requirement of a passing-off is met. However, there is the issue of trade mark. Unbeknown to the Plaintiff, the Defendant had lodged with the Registrar of Trade Marks and claimed proprietorship to the words “Long Life Noodles” and the Chinese Chef character on 26 May 2003.

The issue then becomes of one whether the Defendant’s trade mark claim and conditional ownership, can serve as a defence to the Plaintiff suits of passing-off. Counsel for the Plaintiff referred the court to the latest English Court decision: *Inter Lotto (UK) Ltd v Camelot Group Plc* [2003] EWHC 1256 in which the court of the Chancery Division held that the ownership of a registered trade mark did not necessary give the owner a right to use the mark which overrode another person’s passing-off rights.

The decision in *Inter Lotto (UK) Ltd* however, significantly turned on the construction of section 9(1) of the UK Trade Marks Act 1994. The section states:

The proprietor of a registered trade mark has exclusive rights in the trade marks which are infringed by use of the trade mark in the United Kingdom without his consent. The acts amounting to infringement, if done without the consent of the proprietor, are specified in section 10.

The proprietor of the trade mark argued that passing off rights are “unfair” and cannot be used to restrict the owner’s entitlement. To this the court per Laddie J stated (at 201):

The section does not stipulate that the proprietor of the registered trade mark has an “exclusive right to use” the mark. It stipulates that he has the “exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent.” In other words, registered trade marks, like all other statutory intellectual property rights do not give a right to the proprietor to use, but give him the right to exclude others from using.

The court went on to say that if the legislative had intended to bestow on the owner of registered trade mark an entitlement to override the rights of others, it would have done so expressly.

The equivalent provisions in our own Trade Marks Act (Cap 240) appears to be more stringent in its form and application. Section 38 of the Act stipulates as follows:

Subject to the provisions of section 40 and to any limitations and conditions entered upon the register, the registration of a person as proprietor of a trade-mark shall, if valid, give to such person the exclusive right to the use of such trade-mark upon or in connection with the goods in respect of which it is registered:

Provided always where there are two or more persons are registered proprietors of the same or substantially the same trade-mark in respect of the same goods, no rights of exclusive user of such trade-mark shall, except so far as their respective rights, shall have been defined by the Court, be acquired by any one of such persons as against any other by the registration thereof, but each of such persons shall otherwise have the same rights as if he were the sole registered proprietor thereof.

Whether the provisions of s 38 of our Act is to be interpreted differently to s 9(1) of the UK Act, is not for this court at this interlocutory stage of the proceedings, to deliberate upon. It is enough to give credence to the submission by counsel that the case raises very difficult issues of law.



For the present, strictly the application s 38 of the Act is not yet an issue since the Defendant's approval from the Registrar of Trade Marks is still a conditional one, while awaiting the expiry of 3 months' notice to the public as gazetted on 18 July 2003.

5 Finally, the Defendant submits that, even if the Plaintiff had the proper use of the "Long Life Noodles" and the Chinese Chef character, in its products, it cannot succeed in a passing-off action because it had no enforceable goodwill and reputation. To be able to claim these, the Plaintiff must necessarily be in business for some time to allow reputation to grow and goodwill built. Such occurrence  
10 cannot happen within the 18 months since the Plaintiff began its operation in October 2001.

The Plaintiff argues that 18 months was of sufficient duration in which reputation and goodwill can be built and claimed. Counsel referred to Inter Lotto (UK) Ltd (above) where the Plaintiff's business only began in August 2001 and  
15 the Defendant's approximately 1 year later. There the court recognised the Plaintiff's claim and the existence of reputation and goodwill. A much more radical view is expressed for example, by the High Court of Singapore in *Momentum Creations Pte Ltd v Tan Eng Koon t/a De Angeli* (June 2001 unreported) where after reviewing various English and Singaporean decisions on  
20 the assessment of the question of reputation and goodwill, the court ruled that not only was it not necessary for the Plaintiff to prove through public survey the existence of goodwill, but that trading activity however short, maybe sufficient to establish goodwill and that actual trading was not necessary to establish goodwill.

25 It could very well be that the Singaporean High Court decision is indicative of how the law is evolving in the tort of passing-off. It is however sufficient for this court to note that while the substantive action in this proceedings is yet to be decided, the issues raised involve very difficult questions of law.

There clearly, on the affidavits filed by both parties and submissions of  
30 Counsel, are disputes of facts surrounding the question whether the Defendant had obtained the agreement of the directors of the Plaintiff to use the name "Long Life Noodles" in both its Company and product. There are other questions raised in the registration of the names and involving the office of the Registrar of Trade Marks. All of these can only be resolved in closer examination in court.

35 There are equally difficult questions of law which I have only begun to touch upon but will need a fuller treatment in the hearing of the case. These involve both the law and regulations on registration of trade marks as well as the evolving nature of passing-off actions.

Having now had the full benefit of arguments and other evidence presented by  
40 counsel, the court is persuaded that the interest of all concerned will be better served if the injunction is removed and the parties proceed to the determination of their rights. In the event, the court makes the following orders:

- (1) The order for mandatory injunction granted on 10 July 2003 is hereby dissolved.
- 45 (2) The Defendant is to file its Statement of Defence within 7 days.

*Mandatory injunction dissolved.*