

SUPREME COURT LIBRARY
KINGSTON
JAMAICA

IN THE SUPREME COURT OF JUDICATURE OF JAMAICA

IN COMMON LAW

SUIT NO. C.L. 1995/K-066

SECTION 17, JUDICIAL BUILDING
NORVAULT, KINROSS, KINROSS, LIBRARY
U.W.I. MOYA, KINROSS, JAMAICA

BETWEEN	K-MART CORPORATION	PLAINTIFF
A N D	KAY MART LIMITED	1st DEFENDANT
A N D	STEVE KHEMLANI	2nd DEFENDANT
A N D	RAJU KHEMLANI	3rd DEFENDANT
A N D	SURESH KHEMLANI	4th DEFENDANT

Michael Hylton Q.C. for Plaintiff

Dr. L. Barnett and Priya Levers for Defendants.

Heard: 22nd, 23rd, and 24th July, 1996
and 27th June, 1997.

THEOBALDS J.

JUDGMENT

By a Notice of motion dated 30th November 1995 the Plaintiff herein, K-Mart Corporation, made application for an order that:-

1. In default of Appearance by the 1st, 2nd and 4th Defendants there be as against those Defendants:-
 - (i) final judgment for the Plaintiff for:-
 - (a) An injunction to restrain the Defendants whether by themselves, or by their directors, officers servants or agents or any of them, or otherwise howsoever from doing any act to infringe the Plaintiff's registered trade marks.
 - (b) An injunction to restrain the Defendants whether by themselves or by their directors, officers, servants or agents, or any of them, or otherwise howsoever from passing

off or attempting to pass off the Defendants' retail business at Manor Centre, 195 Constant Spring Road, Kingston 8 in the parish of Saint Andrew or any other business as and for the business of the Plaintiff by the use in connection therewith of the name or any name or trading style "Kmart" or "Kmart Corporation" containing the word "Kmart" or any colourable imitation thereof.

- c) An injunction to restrain the Defendants whether by themselves or by their directors, officers, servants or agents or any of them or otherwise howsoever, from using the name or trading style "Kmart" or "Kmart Corporation" or any colourable imitation thereof and so thereby representing to the public in a false and misleading respect that the Defendants' retail business at Manor Centre, Constant Spring Road, Kingston 8 in the parish of Saint Andrew or any retail business is connected to or associated with the Plaintiff in breach of the provisions of the Fair Competition Act.
- d) An injunction restraining the Defendants whether by themselves, their officers, directors, servants, agents or any of them, or otherwise howsoever from carrying on a retail business at Manor Centre, 195 Constant Spring Road, Kingston 8 in the parish of Saint Andrew or any other retail business under the name or style "Kmart" or "Kmart Corporation" or any name or style which includes the words "Kmart" or "Kmart Corporation" or which so nearly

resembles the same or any colourable imitation thereof.

- (ii) An order for obliteration by the said Defendant upon oath of all marks upon all tags, signs, banners, advertising material or other articles which bear the name, mark or style "Kmart" or "Kmart Corporation" which would be a breach of the aforesaid injunctions prayed for and verification upon oath by the Defendants that they no longer have in their possession, custody or control any sign advertising material or other article so marked.
- (iii) A Declaration that the name of the 1st Defendant company is undesirable pursuant to Section 19(3) of the Companies Act by virtue of its similarity to the name of the Plaintiff company and the latter's international goodwill.
- (iv) An Order that these Defendants pay to the Plaintiff damages for passing off and/or infringement of trademark to be assessed.

ALTERNATIVELY, as against any Defendant who may appear to the action, for an Order that:-

- 1. until the trial of this action the Defendants, their servants, agents, directors, officers and each or any of them or otherwise howsoever be restrained:-
 - (a) From using upon any tag, sign, banner, advertisement, or other article whether at the Defendants' store situate at Manor Centre, 195 Constant Spring Road Kingston 8 in the parish of Saint Andrew, or elsewhere, the name "Kmart" or "Kmart Corporation", or

- b) From using upon any tag, sign, banner, advertisement or other article used in connection with any business carried on by the Defendants or any of them, the name, mark, sign, style or title "Kmart", "Kmart Corporation" or any imitation thereof; or
- c) From passing off, or attempting to pass-off any business carried on by the Defendants or any of them, as the business of the Plaintiff or doing any act to infringe the Plaintiff's trade mark or any of them, or any other trade mark of the Plaintiff, or from in any manner representing that the Defendants' business whether at Manor Centre, 195 Constant Spring Road, Kingston 8 in the parish of Saint Andrew, or elsewhere is connected to or associated with the Plaintiff or from doing any act which may mislead the public or any member thereof into believing that there is any such connection or association.

- 2. The Plaintiff gives the usual undertaking as to damages.
- 3. The costs of this application be costs in the cause."

A substantial bundle containing some 246 pages of the relevant pleadings was filed. In addition there were some 20 cases cited by both sides. The original draft prepared some months ago vanished somewhere between my Chambers and the typing pool and has not been traced to this day. I sincerely hope that a similar fate does not befall this draft. I apologise for the consequential and unusual delay in dealing with this matter.

Of course Circuit Court duties and other complex civil litigation has left very little time for writing inside or outside of normal working hours. The bright side is that learned Q.C. for the parties did make genuine efforts to be as concise and precise as possible in the presentation of their respective cases.

Mr. Hylton Q.C. opened by abandoning para. (1) of the Notice of Motion above quoted. He sought an Order only in relation to para. 2. This is perfectly understandable as the Writ of Summons and Endorsement dated 2nd November, 1995 to which this Notice of Motion forms a part would deal with the substantial issues between the parties, particularly the question of damages (if any) to be awarded. Reference was immediately made to the Statement of claim dated 4th December 1995. Paragraphs 1 - 6 though not admitted by the Defendants, contain useful information as to the history and antecedents of the Plaintiff's Corporation. It is a Corporation organized under the laws of the State of Michigan in the United States of America and is the proprietor of several trade marks registered in Jamaica between and including the period 2nd September 1983 and 17th June 1991. These trade marks are in respect of the Plaintiff's Logo and designs comprising the letter and word "K" and "Mart". The said trade marks were at all material times valid and subsistent. The Plaintiff first began using the K Mart name and K Mart trade mark from as far back as March 1962 when the first K Mart discount department store opened in Garden City Michigan U.S.A. Numerous exhibits including photographs were in evidence showing the pattern and form of the K Mart logo both in relation to its several stores worldwide and in relation to its published advertisements of goods being offered for sale to the public. Additionally, from as far back as June 22nd 1995, attorneys representing the Plaintiff wrote to Steve Khemlani, the

Managing Director of the first Defendant Company. This letter brought to his attention certain allegations that the provisions of the Jamaican Trade Marks Act Section 29 which recognizes and protects famous marks, were being contravened by the first Defendant company. Demand was also made of the Defendants that they cease their "unlawful use" of the Plaintiff's trade mark. The Defendants were given 21 days to respond, failing which appropriate legal proceedings for damages and for an injunction would be instituted.

It is desirable here to back up a bit. To the scenario above described in which the Plaintiff had been using the K Mart logo and design in U.S.A. from as far back as March 1962 and had duly registered his Trade Mark in Jamaica from as far back as September 1993, enter the second Defendant Steve Khemlani. By affidavit dated the 16th day of July 1996 he describes himself as "the Managing Director of Kay Mart Ltd. and has been in charge of the operations of the Kay Mart Stores in Jamaica". Kay Mart Ltd. was incorporated in Jamaica in October 1994 approximately 11 years after the Plaintiff's Company first registered its Trade Mark here. Where a Plaintiff proves that in the mind of the public some mark, logo, or mode of representation has become attached to the products offered by him for sale to the general public, such a plaintiff may obtain an injunction to restrain any passing off of the Plaintiff's goods. See the statement of principle in the speech of Lord Parker in *A.G. Spaulding & Brothers v A.W. Gamages Ltd.* (1915) 32 R.P.C. 273 at page 283. This is particularly so if the Plaintiff establishes that the public is deceived into thinking that the goods in question are either the Plaintiff's product or are being sold by the Defendant with the authority and consent express or implied of the Plaintiff. The term product is used not necessarily to connote goods manufactured or produced by the Plaintiff but includes items which would normally be sold by him in the course of his business.

The complaint is not against the selling per se of goods but of goods tagged, marked, or signed or styled with the Plaintiff's title "K Mart" or "K Mart Corporation" or any imitation thereof. Snell's Principles of Equity refers to "the old action for passing off because of the difficulty of proving reputation." The underlining is mine.

The plaintiff here does not appear to have any such difficulty. Reference need only be made to the Affidavits of Gina Berry, Andrea Roofe, Vixton Bowen, Lois Lambert, Geraldine Foster, filed on behalf of the Plaintiff. All the deponents to these several Affidavits have complied with the provisions of the Civil Procedure Code and have stated the source of their information and their belief as to the truthfulness thereof. In any event the United Kingdom Trade Mark Registration Act of 1875 originally and now the Trade Marks Act 1938 were designed to overcome any difficulty in proving reputation. The local Trade Marks Act Section 29 was designed to recognize and protect such registration.

Then there is the further question of the goodwill enjoyed by the Plaintiff's Company. The concept of goodwill is in law a broad one and can be enjoyed by a company or business which is not actually operating in the particular locale. The Defendant is in fact urging that the Plaintiff is not carrying on any business in Jamaica and therefore ought not to be in a position to prevent any business in Jamaica from adopting the letter K and the use of the word Mart. In support of this contention the Defendant urges in the Affidavit of Steve Khemlani dated 16th July 1996 that the Certificate of Registration of the Plaintiff's Company gives no right to the exclusive use of the letter K. In fact this Certificate of Registration dated 29th day of March 1995 is an exhibit to an Affidavit dated the 8th day of December 1995 filed by one Gerald Tschura Vice President, Secretary and Legal Counsel

of K Mart Properties, Inc. a wholly owned subsidiary of the Plaintiff. Steve Khemlani's affidavit of 16th July 1996 contends that since the 3rd Defendant Rajie Khemlani and himself are the directors and shareholders of the first Defendant Company they have used the letter K which is the initial of their surname in the logo for the first Defendant Company. As was pointed out the case for the Plaintiff is not against the sale of similar goods per se but against the sale of goods tagged, marked, signed or styled with the Plaintiff's title K Mart, K Mart Corporation or any imitation thereof. True enough the Certificate of Registration mentioned above gives the Plaintiff "no right to the exclusive use of a letter K "but it is the combination of K with the word Mart and the form thereof in the logo that the Plaintiff's complaint is grounded and I am of the firm view that there is merit in that contention. Use K, if you wish, to your heart's content but do not use it in conjunction with other word(s) that cause confusion in the minds of those members of the public who had hitherto accepted that mode of presentation as being attached to the plaintiff's products.

The defence argument was far ranging and varied. I did not accept the proposition that Jamaica as a sovereign nation has a right, to have its business corporations enjoy freedom from obligations or restrictions of any type imposed upon it by foreign multinational Corporations. I did not agree or accept that the Plaintiff was indulging in any "haphazard registration of marks with a genuine intention to use them in Jamaica." On the contrary the Plaintiff's trade mark logo using the letter K and the word Mart is simple, straight forward and enjoys worldwide recognition and reputation. K may not be unique, Mart likewise may not be unique but put together in the form devised by the Plaintiff and attaching such creations to the products offered by him for sale to the

public for many years is sufficient. I reject the assertion at para. 5(a), 5(c), 5(d) and 5(g) of Steve Khemlani's affidavit of 16th July 1996 that:-

- (a) The manner in which the 1st Defendants' logo is written and displayed is entirely different from the manner in which the Plaintiff's logo is written and displayed.
- (c) There is no similarity with the K Mart Inc. logo in the use of the K Mart logo in Jamaica.
- (d) The nature of the items sold in the U.S.A. and Jamaican establishments are vastly different.
- (g) That the 1st Defendant has never wanted to and/or does not intend to copy the Plaintiff.

If this is so then why not simply change the name as was done by A Mart to avoid confusion with the Plaintiff's mark. See para. 5 of Nicole Lamberts affidavit dated 21st July 1996. There are numerous aspects of the 2nd Defendant's affidavits against which a question sign could with justification be placed. Constant reference is made to the Issar Group of Companies without any attempt to explain who or what is Issar. Of course the name Issa as distinct from Issar is well known in business and commercial enterprises in Jamaica. The affidavit of Dorrne Haylett dated the 11th day of July 1996 attracts attention in paragraph 2 thereof in that it simply states "I am a legal secretary", without saying where employed, and sworn to at Duke Street without stating the number. Of course these observations only become significant because Steve Khemlani in his affidavit complains,

"that the majority of the affidavits in support of the plaintiff's case are sworn to by members of law firm acting for and on behalf of the Plaintiff and I would ask this Honourable Court to hold that neither their opinions nor their observations are unbiased and objective."

There can be no question but that both by Statute (Fair Competition Act) and at Common law there is clear movement towards

the protection of the public from being misled in a relevant way as to a feature or quality of goods sold; that it is sufficient to found a cause of action in passing off brought by plaintiffs with whom the public associate that that feature, source or quality which has been misrepresented. Note the dicta on the subject of passing off as expressed in the Cambridge Law Journal 55(1) March 1996 pp. 56-64 on the recent decision in the Robert Marley Foundation Ltd. v. Dino Michelle Ltd. The submission by learned counsel for the Defendants that the nature of the relief sought is extremely wide, onerous and draconian is considered, but balanced against this is that from as far back as 22nd June 1995 the Defendants were made aware of the Plaintiff's stance on the matter and chose to do nothing about it. If, as deposed to in the Affidavit of Nicole Lambert dated the 19th July 1996, "A Mart" changed its mark to avoid confusion with the Plaintiff's mark, why could these Defendants not have acted in a similar way, particularly as Kay Mart Ltd. and its logo derivatives are far more similar to K Mart Corporation and its own registered trade mark and logo. This is my finding in spite of Steve Khemlani's insistence to the contrary.

Accordingly I make an Order that:-

1. Until the trial of this Action the Defendants, their servants, agents, directors, officers and each or any of them or otherwise howsoever be restrained:-
 - (a) From using upon any tag, sign, banner, advertisement or other article whether at the Defendants' store situate at Manor Centre, 195 Constant Spring Road Kingston 8 in the parish, of Saint Andrew, or elsewhere, the name "Kmart" or Kmart Corporation"; or

- b. From using upon any tag, sign, banner, advertisement or other article used in connection with any business carried on by the Defendants or any of them, the name, mark, sign, style or title "Kmart", "Kmart Corporation" or any imitation thereof; or
 - c. From passing off, or attempting to pass-off any business carried on by the Defendants or any of them, as the business of the Plaintiff or doing any act to infringe the Plaintiff's trade mark or any of them, or any other trade mark of the Plaintiff, or from in any manner representing that the Defendants' business whether at Manor Centre, 195 Constant Spring Road, Kingston 8 in the parish of Saint Andrew or elsewhere is connected to or associated with the public or any member thereof into believing that there is any such connection or association.
- 2. The Plaintiff gives the usual undertaking as to damages.
 - 3. The costs of this application be costs in the cause.
 - 4. The defendant is allowed 30 days from the date of this order to complete implementation thereof.