

IN THE SUPREME COURT OF JUDICATURE OF JAMAICA

IN THE CIVIL DIVISION

CLAIM NO. 2000/C.L.P - 82

BETWEEN	PAYMASTER (JAMAICA) LIMITED	CLAIMANT
A N D	GRACE KENNEDY REMITTANCE SERVICES LIMITED	1st DEFENDANT
A N D	PAUL LOWE	2nd DEFENDANT

Dr. Lloyd Barnett and Denise Kitson instructed by Grant Stewart Phillips for the Claimant.

Michael Hylton Q.C, John Vassell Q.C, Courtney Bailey and Terri Ann Lawson instructed by Dunn Cox for the 1st Defendant.

Vincent Chen, Sylvan Edwards and Seyon Hanson instructed by Chen Green and Company for the 2nd Defendant.

HEARD: October 12 – 20th, December 21, 2009 and April 30th 2010

JONES J.

Introduction

[1] The case brought by Paymaster (Jamaica) Limited (hereafter called "Paymaster") against Grace Kennedy Remittance Services Limited (hereafter called "GKRS") and Paul Lowe has by their account many villains: a calculating predator, "ruthless and unfair" business executives, a competent but unscrupulous chameleon and the like. And of course, there is the victim. Paymaster has asked this court to draw a straight line from one to the other. The truth, however, is seldom that

pure and by no means that simple. There is no easy connecting of the dots.

[2] Paymaster claims Copyright in the CSSREMIT/Paymaster Multi-Payment Software Head Office Programme (hereafter called "Paymaster Multi-Payment Software"). They designed the architecture, provided the specifications and contracted Paul Lowe to write the software from the specifications. Paul Lowe licensed the software to GKRS who used the program to start Bill Express, as a competitor of Paymaster. There is an astonishing lack of clarity in the contractual arrangements between Paymaster and Paul Lowe regarding ownership in the copyright to the Paymaster Multi-Payment Software. Paymaster says there is an implied agreement between the parties that the copyright belongs to them.

[3] GKRS claims a licence for the use of the Multi-Payment software from Paul Lowe as owner of the copyright. Paul Lowe maintains that he is the owner and claims an entitlement to license it to anyone he chooses.

[4] GKRS was given a copy of Paymaster's Business Plan which included a report on their network architecture and other vital information. Paymaster alleges that this information was given in confidence and GKRS used it to launch Bill Express as a competitor. This is hotly denied by GKRS who claims a legitimate business opportunity. There is no legal obligation to be kind.

[5] Feeling mortally wounded by (what they considered to be) the incendiary tactics of GKRS, and betrayed by Paul Lowe, Paymaster filed an action in this Court claiming:

- a) Breach of Copyright;
- b) Breach of confidence;
- c) Passing off; and
- d) Breach of contract and inducing breach of contract.

[6] We begin with the issues. As a preliminary issue, GKRS and Paul Lowe complain that Paymaster had raised for the first time in its submissions reliance on an implied agreement for the ownership of the copyright for the Paymaster Multi-Payment Software. Consequently, there is one preliminary issue and four substantive issues.

Issues:

[7] First, the preliminary issue:

- i) By the Copyright Act 1988, the author of a protected work is the first owner of the copyright unless there is an agreement to the contrary. Paymaster pleaded ownership of the Paymaster Multi-Payment Software as creator; during the trial it claimed ownership by way of an implied term in an agreement. It is a cardinal rule that a party's pleadings must provide a clear and precise case that the party is relying on and it cannot go forward with a case, whether by way of claim or defence which it has

not pleaded. Paymaster contends that the law at the time of pleadings required facts, not evidence and law to be pleaded. They say the pleadings contained the factual basis supporting an implied agreement for ownership of the Paymaster Multi-Payment Software. Was an implied agreement pleaded by Paymaster? If not, should Paymaster be allowed to raise for the first time during this trial, ownership by way of an implied agreement?

[8] Second, the four substantive issues:

- i) The Copyright Act 1988 provides protection for computer programs as literary works. A computer program is a set of instructions given to a computer to perform certain works. Paymaster provided design specifications to Paul Lowe to develop a Paymaster Multi-Payment Software using Paul Lowe's CSS REMIT program as a base. Paul Lowe wrote the program and subsequently licensed it to GKRS, a competitor of Paymaster, without Paymaster's permission. Is Paymaster the owner or co-owner of the Paymaster Multi-Payment Software? Has Paul Lowe and/or GKRS breached Paymaster's copyright?
- ii) It is an actionable tort for one party without justification to pass confidential information belonging to the other party to others not privy to the contract. Paymaster contends that during

negotiations with GKRS they obtained confidential information relating to its business plans which was used to advance GKRS's own business interest. GKRS denies that it received Paymaster's business plans, and says that no relationship of confidence existed between them. Did a relationship of confidence exist between GKRS and Paymaster and was confidential information belonging to Paymaster obtained by GKRS and passed to third parties?

- iii) A person cannot pass off his business as that of another.

Paymaster contends that Bill Express used the \$ sign and similar colours in its logo in order to deceive the public and deprive it of goodwill. Bill Express says that the \$ sign in its logo was already in use; the logos are different and the public would be unlikely to be deceived by it. Was the Bill Express logo likely to deceive the public to use their bill payment services rather than Paymaster's? Has GKRS committed a "Passing Off"?

- iv) A person induces a breach of contract where he procures a third party to commit a wrongful act to prevent the performance of a contract. Paymaster contends that GKRS induced Paul Lowe to breach his contract with Paymaster by paying him US\$20,000 to license his software for use in their bill payment business. GKRS denies this, and contends that they

believed that Paul Lowe was the owner of the software. Did GKRS know or ought to have known about the ownership of the software? Did Paul Lowe breach his contract with Paymaster? Did GKRS induce Paul Lowe to breach his contract with Paymaster?

Facts:

- [9] The extended drama that is the case of Paymaster against GKRS and Paul Lowe contains both an inspirational story and a cautionary tale. The first act began sometime in 1983 when Paul Lowe and William Ingram formed Complete Systems Services Ltd. (CSS). They developed a cashiering program which collected payments for a single company directly, which they named (CSSREMIT).
- [10] Over a nine year period CSS promoted CSSREMIT to various companies to assist in their collection needs. CSSREMIT is licensed to the Collector of Taxes, Norman Manley Airport, Jamaica Public Service Company Limited, Income Tax Department and the Stamp Commissioner. In the latter part of the eighties Paul Lowe bought out the shares of his partner William Ingram and in 1992, he closed down CSS while at the same time continued with the promotion and marketing and licensing of CSSREMIT.
- [11] Act two of the story starts in 1994 when Ms. Audrey Marks, while resident both in Jamaica and in the United States of America, came

up with the Paymaster Multi-Agency Payment concept. Ms. Marks returns to Jamaica with the concept of a Multi-Payment agency and consults with Dr. Maurice McNaughton through his company, Jamaica Online Information Services Ltd (JOL) to provide consultancy services for the development of the software package to deliver the services that she wanted. .

[12] It would take a year for Dr. McNaughton to produce the architecture for the Paymaster's Multi-Payment Agency System and he then formulates Paymaster's first Business Plan.

[13] In April 1995 Dr. McNaughton contacts Paul Lowe on behalf of Paymaster requesting permission to license Mr. Lowe's CSSREMIT software and customise it to Paymaster's specifications. One month later JOL completes the Head Office system design and begins system development work.

[14] In June 1995 work on the Paymaster Multi-Payment Software is suspended while awaiting feedback information from the utility companies. In early 1996, Ms. Marks rents her first store location in order to demonstrate the Paymaster system to the utility companies. She then begins discussions with GKRS with a view to having a Western Union Sub-Agency placed at that location. Ms. Marks then invites GKRS to invest in the Paymaster Project and provides its Managing Director, Brian Goldson with a copy of her Paymaster Business Plan. This

included the Paymaster Collection Network Architecture and Operations Plan (PCNAO).

- [15] Paymaster receives an encouraging response from the utility companies and a request for additional requirements. In the meantime, JOL continues to work on the Paymaster Multi-Payment Software and to revise the specifications for the cashiering software. Dr. McNaughton for the first time includes Paul Lowe in the project, requesting him to write the software and implement the architecture and specifications provided to him. Dr. McNaughton advises Paymaster of the developments including the involvement of Paul Lowe and provides an activity schedule with estimated costs.
- [16] In September 1996, Paul Lowe completes his task of adapting and customising his CSSREMIT program to Paymaster's specifications, but there were some problems. It was apparent that further work was required to be done on the Paymaster Multi-Payment Software and two additional modules were to be written by Paul Lowe to solve the problems.
- [17] After the completion of the additional work the testing of Paymaster Multi-Payment system begins, but is delayed in September, 1997 by the utility companies and Dr. McNaughton withdrawing from the project. Paul Lowe (already under contract to Paymaster) is assigned by Paymaster to complete work on the development of the Paymaster

Multi-Payment Software. In the following month, Paymaster signed its first agency contract with Jamaica Public Service Company Limited and then expands to ten branches. One year later Paymaster establishes another agency contract with Cable & Wireless (Jamaica) Ltd. Although the software had the ability to perform multi-client functions, it had to be subjected to rigorous testing and debugging. Paymaster incurred all the costs of doing this.

[18] In October 1998 Mr. Lowe delivers the final version of the Paymaster Multi-Payment Software and Paymaster indicates that it is now satisfied that the software meets the specifications required for its multi-client operations. Problems develop as Paul Lowe requests a separate software maintenance contract and when there is no agreement on this he turns off the Paymaster Multi-Payment Software Program. In February 1999, after months of wrangling, Paul Lowe and Paymaster arrive at a maintenance services agreement providing that Mr Lowe is to be paid on the payday of each month and is to attend all internal and external meetings with the Paymaster team.

[19] On October 4, 1999, Paul Lowe licenses the CSS Front End Cash Remittance Program to GKRS and sends the Paymaster Multi-Payment Software program and manual to GKRS. Sometime in January 2000, Paul Lowe licensed the Paymaster Multi-Payment Software to GKRS. One month after obtaining the licence from Paul Lowe GKRS starts to

contract with utility companies for bill collection and begins the marketing of its operations. The business relationship between Paymaster, GKRS and Paul Lowe unravels acrimoniously and by August 2000, Paymaster files a writ in the Supreme Court claiming an injunction and other relief. The play, however, is far from over. We go now to the relevant copyright legislation.

Relevant Sections of the Copyright Act:

[20] The Copyright Act provides as follows:

5. (1) Unless otherwise specifically provided in this Act, copyright shall not subsist in any work unless it satisfies the requirements specified in this Part as respects-

(a) The category of work; and

(b) Either-

(i) The qualification of the author; or

(ii) The country or place of first publication, or in the case of a broadcast or cable programme, the country or place where it is made or from which it is sent, as the case may be.

6. Category of eligible works.

6. (1) Copyright is a property right which, subject to the provisions of this section, may subsist in the following categories of work-

(a) Original literary, dramatic, musical or artistic works;

Literary work" means any work, other than a dramatic or musical work, which is written, spoken or sung, and accordingly includes—

(a) a written table or compilation;

(b) a computer program.

[21] The Copyright Act defines "computer program" as:

a set of instructions, whether expressed in words or in schematic or other form, which is capable, when incorporated in a machine-readable medium, of causing an electronic or other device having information processing capabilities to indicate, perform or achieve a particular function, task or result;....

[22] There are therefore distinct components in the legal definition:

- (1) a set of instructions which may be in words or other form;
- (2) incorporation of the instructions in a machine-readable medium;
- (3) resulting capability to cause electronic device having information processing capabilities to indicate, perform or achieve a particular function, task or result.

[23] Section 22 of the Act makes provision for the ownership of copyright as follows:

- (1) Subject to the provisions of this section, the author of a protected work is the first owner of any copyright in that work unless there is an agreement to the contrary.
- (2) Subsection (1) shall not apply to copyright subsisting in a work pursuant to section 146.
- (3) Where a protected work is a work of joint authorship the authors thereof shall be co-owners of the copyright in that work.

Preliminary Issue:

Was an implied agreement pleaded by Paymaster? Should Paymaster be allowed to raise the issue of an implied agreement in its legal submissions?

[24] By Section 22 of the Copyright Act "the author of a protected work is the first owner of the copyright in that work unless there is an agreement to the contrary". Paymaster argues that there is to be implied, from the facts of this case, an agreement between Paymaster and Paul Lowe that the Paymaster Multi-Payment software written by Paul Lowe belongs to Paymaster.

[25] So then, what did the pleadings say? First, the endorsement to the amended Writ of Summons at paragraph (1) (a) claims that Paymaster is the owner of the software. It is set out as follows:

(1)Plaintiff's claim is against the Defendants jointly and/or severally for damages for: (a) Breach of copyright in the Plaintiff's computer software programme

[26] Paragraph 3 of the Statement of Claim states:

The Second Defendant was at all material times a computer programmer who was contracted to the Plaintiff since about 1996 under a consultancy contract as the plaintiff's technical consultant. From January 1999 until August 2000 the Second Defendant was so retained under a monthly contract for services."

[27] Paragraph 4 of the Statement of Claim states:

The Plaintiff company in or about late 1994 to early 1995 designed and created a Multi-Payment collection system software. This software (hereafter called the Paymaster Software) inter alia provides a unique multi-client, multi-

branch function and greatly reduces the inconvenience of paying several bills by providing a "one stop shop" for bill payments thus increasing speed and efficiency

[28] Paymaster claims ownership of the copyright program at

paragraph 5 of the Statement of Claim. It also is set out below:

The Plaintiff will say that the Plaintiff has expended substantial funds in researching, formulating, developing and fine tuning the Paymaster computer program which is the foundation on which the multi-payment system is built. The Plaintiff company owns the Copyright in the Paymaster computer program.

[29] In paragraph 6 of the Statement of Claim Paymaster sets out the

nature of the contract with Paul Lowe:

The Plaintiff contracted the Second Defendant to convert the scripted written words of the architectural plan of the Paymaster computer program formulated by the Plaintiff and its expert Mr Maurice McNaughton into computer language, and from time to time do such maintenance and upgrading of the system that was necessary by implementing new features specified by the Plaintiff to improve the capabilities of the Paymaster multi-payment computer program. The Plaintiff says that it purchased a licence for \$300,000.00 from the Second Defendant to use his elementary CSSRemit Software System as a base upon which the Plaintiff developed its computer program.

[30] Michael Hylton Q.C and John Vassell Q.C (hereafter called Counsel

for GKRS) and Vincent Chen (hereafter called Counsel for Paul Lowe)

all contend that a party to an action must specifically plead their case

and cannot put forward a case that has not been pleaded. To hear

this criticism of Paymaster's pleadings you would think precious little.

They say that Paymaster has raised the issue of ownership of the

copyright by way of an implied agreement for the first time, while making submissions, having pleaded ownership by virtue of being the creator of the work. In support of this, they referred the court to two passages from Jacob, J.'s **Pleadings: Principles & Practice, Sweet & Maxwell, 1990**. The first passage is at page 3 in which the learned authors state that:

The whole object of pleadings is to bring the parties to an issue, and the meaning of the rules [0.18] was to prevent the issue being enlarged, which would prevent either party from knowing when the case came on for trial what the real point to be discussed and decided was. In fact, the whole meaning of the system is to narrow the parties to definite issues, and thereby diminish expense and delay.

[31] The second passage is at page 82 in which the learned authors deal specifically with the issue of implied agreements in pleadings and state:

that it is usual to state the covenants and promises before alleging any of the breaches, though this is a matter of discretion. If any terms of the contract are alleged to be implied, particulars should be given of the facts and matters relied on as giving rise to the alleged implied terms.

[32] Responding to the arguments of GKR5 and Paul Lowe, Dr Lloyd Barnett and Denise Kitson (hereafter called Counsel for Paymaster) argue that at the time the Statement of Claim was filed the Civil Procedure Code applied and there was no requirement for further pleadings beyond what is set out in the Statement of Claim. Under those rules, facts and not law, were to be pleaded.

[33] Counsel for Paymaster also point to the witness statements and Affidavits filed in this matter and argue that it strengthens the pleadings with evidence supporting the claim of an implied term. Importantly, they point to correspondence between Paymaster and their previous attorney, which indicates that all the costs of the development of the Paymaster Software were both for their benefit and for their account.

[34] In my opinion, the criticisms of the shortcomings in Paymaster's pleadings and the raising of the issue of implied terms for the first time during submissions are too harsh. The vital question here is whether the Statement of Claim states the fact of an agreement between Paymaster and Paul Lowe for the development of software for Paymaster's purposes. Secondly, whether reference has been made to circumstances generally from which an implication can reasonably be made by the court that the Paymaster Multi-Payment software is owned by Paymaster.

[35] The learned authors of **Bullen and Leake and Jacob's Precedent and Pleadings 12th Ed.** at page 345 make the following point:

Where an action is brought upon an agreement not under seal, the Statement of Claim should show whether the agreement relied on is in writing or made by word of mouth or is to be implied or inferred from the conduct of the parties... In the case of an implied agreement the facts and circumstances from which the implication arises should be stated...Where the agreement is to be implied from a series of letters or conversations, or from circumstances, it is sufficient to allege the agreement as a fact, and to refer

generally to the letters, conversations or circumstances,
without setting them out in detail. (my emphasis)

[36] This much is plain: From paragraphs 3 to 6 of Paymaster's Statement of Claim set out above, Paymaster has alleged an agreement as a fact with Paul Lowe to develop the Paymaster Multi-Payment software. I also accept that Paymaster, in alleging that their ownership of the copyright in the Paymaster Multi-Payment software is based on having "expended substantial funds in researching, formulating, developing and fine tuning the Paymaster computer program" has referred generally (and in my view sufficiently) to the circumstances giving rise to their ownership. In my judgment, therefore, no further details or pleading are required to raise the issue of an implied agreement between Paul Lowe and Paymaster for ownership of the Paymaster Multi-Payment software. The preliminary objection by GKRS and Paul Lowe against the raising by Paymaster of an implied agreement for the ownership of the Paymaster Multi-Payment Software must fail.

Issue One:

Is Paymaster the owner or co-owner of the Paymaster Collections program? Has Paul Lowe and/or GKRS breached Paymaster's copyright?

[37] Ms. Audrey Marks is the owner and Managing Director of Paymaster Limited. Her evidence was that a unique and specialised software program was needed to achieve success with the Paymaster Business

Plan. This program she said had to have capacity for multiple payments to multiple clients. Dr. McNaughton prepared the specifications and design for such a software program for Paymaster and this together with the business plan was given to Paul Lowe for him to write the actual program.

[38] I accept, from the evidence, that Paymaster paid Dr. McNaughton a fee of \$70,000.00 for his design, and a further \$300,000.00 to license Mr. Lowe's existing base software. Mr Lowe was asked to customize the base software to Paymaster's specifications and was paid in addition \$100,000.00 to write the Paymaster Head Office software. I also accept that Paymaster's instructions and support went beyond requesting Paul Lowe to write the program and included testing and corrections during the implementation phase.

[39] The Copyright Act provides that copyright attaches to "literary works" which includes a computer program. There is no dispute that Paul Lowe is the author of the Paymaster Multi-Payment Software Program and would, by Section 22 of the Copyright Act, be entitled to ownership of the copyright. However, the creator or author of the work can agree that the copyright is to be assigned to someone else.

[40] It is trite law that an agreement may be oral or written, express or implied. There are nuances, of course. Paymaster suggest that where the business concept and requirements were provided by them this

court ought to imply a term in their agreement with Paul Lowe that Paymaster is the owner of the copyright in the Paymaster Multi-Payment Software Program.

[41] Counsel for Paymaster argues that this is a necessary implication for two reasons. First, the evidence is that Paymaster commissioned Paul Lowe to write the Paymaster Multi-Payment Software for Paymaster's operations. They contend that where a person is specifically commissioned to write a program for a fee and to meet the specific requirements of the person who engages him, the clear implication is that the program will be the property of the person who engaged him.

[42] Counsel for GKRS and Paul Lowe contend that where a person commissions a work, that does not make that person the first owner of the copyright. That person's interest in the copyright, if any, depends on the terms of the contract with the creator of the work. And that is the stronger argument.

[43] The learned authors of **Copinger & Skone James on Copyright**

Volume 1, 14th Ed. make the point forcefully in the following passage at paragraph 5-169 on page 301:

...it has already been seen that, except in certain pre-1988 Act cases, a person who commissions a work to be made by another does not thereby become the first legal owner of the copyright. His interest in the copyright, if any, will depend on the terms of the contract. Where the terms expressly deal with the copyright, little difficulty usually arises. Where, on the other hand, the matter is one of implication it can be very hard to determine what the true position is. There are many

circumstances where a work is prepared by A for B which do not result in B acquiring any interest in the copyright: the result of the transaction may simply be that B becomes entitled to the property in the physical material created and to a licence to use it for the particular purpose envisaged by the parties, but does not become equitable owner of the copyright. In accordance with general principles, a term to the effect that the commissioner is to be entitled to the copyright will only be implied where it is necessary to give business efficacy to the contract and the implied term satisfies the officious bystander test. Almost inevitably, however, some term will have to be implied, even if only that the commissioner is licensed to use the work, for the general principle is that "the engagement for reward of a person to produce material of a nature which is capable of being the subject of copyright implies a permission, or consent, or licence in the person giving the engagement to use the material in the manner and for the purpose in which and for which it was contemplated between the parties that it would be used at the time of the engagement". The question will be whether the term to be implied is one for a non-exclusive licence, an exclusive licence or an assignment of the copyright, in whole or part: on the facts, was the agreement one whereby the author sold his copyright or merely one whereby he granted some form of licence? In accordance with modern, general principles the term implied should go no further than is necessary to fill the lacuna in the express terms of the contract, so that if the implication of a licence of some kind will meet this need, no agreement to assign should be implied.

[44] If further authority is necessary, it can be found in **Saphena**

Computing Ltd. v Allied Collection Agencies Ltd [1995] FSR 616. The court stated on p. 634 that:-

I therefore start with the proposition of law that the commissioning of a computer programme by a person is not of itself sufficient to vest the copyright in that programme in that person. The same must clearly apply to the beneficial interest in the copyright.

[45] Second, Counsel for Paymaster argues that a clear and necessary implication against Paul Lowe being the owner of the Paymaster Multi-Payment Software arises because of the amount of money spent by Paymaster in developing the product. This point is reflected in the statement of Ms Marks at paragraph 17 of her **Affidavit dated 25. 8.**

2000: "That Paymaster fully bore the costs involved in conceptualizing and developing and fine tuning this multi-payment programme, as we own the copyright in the programme." Counsel for Paymaster assert that it would be ridiculous for Paymaster to expend that amount of money, time and resources for the creation and testing of the program, and then turn around and allow Paul Lowe to sell or license it to Paymaster's rivals as soon as all the verifications, modifications and testing were completed.

[46] Such a sombre argument requires serious consideration and invites the question of whether this court should imply a term in the agreement between Paymaster and Paul Lowe for the ownership of the copyright, and if so, what is its scope?

[47] The learned authors of **Chitty on Contracts Volume 1 (23rd Edition)** say:

The courts will be prepared to imply a term if there arises from the language of the contract itself, and the circumstances under which it is entered into, an inference that the parties must have intended the stipulation in question. An implication of this nature may be made in two situations: first,

where it is necessary to give business efficacy to the contract, and secondly, where the term implied represents the obvious, but unexpressed, intention of the parties...both depend on the presumed intention of the parties."

[48] The general principle of law regarding the first situation referred to in

Chitty above was stated by Bowen L.J. in **The Moorcock [1889] 14 PD**

64 at 68

Now, an implied warranty, or, as it is called, a covenant in law, as distinguished from an express contract or express warranty, really is in all cases founded on the presumed intention of the parties, and upon reason. The implication which the law draws from what must obviously have been the intention of the parties, the law draws with the object of giving efficacy to the transaction and preventing such a failure of consideration as cannot have been within the contemplation of either side; and I believe if one were to take all the cases, and they are many, of implied warranties or covenants in law, it will be found that in all of them the law is raising an implication from the presumed intention of the parties with the object of giving to the transaction such efficacy as both parties must have intended that at all events it should have.

[49] More to the point in this case, in **Robin Ray v Classic FM Plc [1998] 25**

FSR 622 Lightman J put forward a nine-point legal test to be applied

when implying a term in an agreement by parties in an intellectual

property case. The Claimant brought an action against the Defendant

alleging infringement of his copyright in five documents containing his

proposals for categorising the tracks on the Defendant's music

recordings and in a catalogue created by him over a five year period.

The Defendant claimed joint authorship of the works on the basis that

the Claimant had simply put into writing ideas initiated by the

Defendant's representatives at a series of meetings with the Claimant concerning the contents of the catalogue and the categories to be adopted.

[50] It was held upholding the claim that in order to be a joint author a significant creative contribution as an author had to be made to the production of the work similar to what was done by the other author with whom there was a partnership. Secondly, the contribution had to be something which was incorporated into the finished work and protected by copyright.

[51] Lightman J in delivering the judgment of the court set out the test (which I have set out in full) as follows:

The issue in every such case is what the client under the contract has agreed to pay for and whether he has "bought" the copyright. The alternatives in each case are that the client has bought the copyright, some form of copyright licence or nothing at all ... The general principles governing the respective rights of the contractor and client in the copyright in a work commissioned by the client appear to me to be as follows:

- (1) The contractor is entitled to retain the copyright in default of some express or implied term to the contrary effect;
- (2) The contract itself may expressly provide as to who shall be entitled to the copyright in work produced pursuant to the contract. Thus under a standard form Royal Institute of British Architects ("RIBA") contract between an architect and his client, there is an express provision that the copyright shall remain vested in the architect;
- (3) The mere fact that the contractor has been commissioned is insufficient to entitle the client to the

copyright. Where Parliament intended the act of commissioning alone to vest copyright in the client, e.g. in case of unregistered design rights and registered designs, the legislation expressly so provides (see section 215 of the 1988 Act and section 2(1A) of the Registered Designs Act 1949 as amended by the 1988 Act). In all other cases the client has to establish the entitlement under some express or implied term of the contract;

(4) The law governing the implication of terms in a contract has been firmly established (if not earlier) by the decision of the House of Lords in *Liverpool City Council v Irwin* [1977] AC 239 (Liverpool). In the words of Lord Bingham MR in *Phillips Electronics v British Sky Broadcasting Ltd* [1995] EMLR 472 (Phillips) at 481, the essence of much learning on implied terms is distilled in the speech of Lord Simon of Glaisdale on behalf of the majority of the Judicial Committee of the Privy Council in *BP Refinery (Westernport) Pty Ltd v The President, Councillors and Ratepayers of the Shire of Hastings* (1978) 52 ALJR 20 at 26: "Their Lordships do not think it necessary to review exhaustively the authorities on the implication of a term in a contract which the parties have not thought fit to express. In their view, for a term to be implied, the following conditions (which may overlap) must be satisfied:

- (i) it must be reasonable and equitable;
- (ii) it must be necessary to give business efficacy to the contract, so that no term will be implied if the contract is effective without it;
- (iii) it must be so obvious that "it goes without saying";
- (iv) it must be capable of clear expression;
- (v) it must not contradict any express term of the contract.'

Lord Bingham added an explanation and warning: "The court's usual role in contractual interpretation is, by resolving ambiguities or reconciling apparent inconsistencies, to attribute the true meaning of the

language in which the parties themselves have expressed their contract. The implication of contract terms involves a different and altogether more ambitious undertaking: the interpolation of terms to deal with matters for which, *ex hypothesi*, the parties themselves have made no provision. It is because the implication of terms is so potentially intrusive that the law imposes strict constraints on the exercise of this extraordinary power... The question of whether a term should be implied, and if so what, almost inevitably arises after a crisis has been reached in the performance of the contract. So the court comes to the task of implication with the benefit of hindsight, and it is tempting for the court then to fashion a term which will reflect the merits of the situation as they can appear. Tempting, but wrong.'

- (5) Where (as in the present case) it is necessary to imply the grant of some right to fill a lacuna in the contract and the question arises how this lacuna is to be filled, guidance is again to be found in *Liverpool*. The principle is clearly stated that in deciding which of various alternatives should constitute the contents of the term to be implied, the choice must be that which does not exceed what is necessary in the circumstances (see Lord Wilberforce at 245 F-G). In short a minimalist approach is called for. An implication may only be made if this is necessary, and then only of what is necessary and no more;
- (6) Accordingly if it is necessary to imply some grant of rights in respect of a copyright work, and the need could be satisfied by the grant of a licence or an assignment of the copyright, the implication will be of the grant of a licence only;
- (7) Circumstances may exist when the necessity for an assignment of copyright may be established. As Mr Howe has submitted, these circumstances are, however, only likely to arise if the client needs in addition to the right to use the copyright works the right to exclude the contractor from using the work and the ability to enforce the copyright against third parties. Examples of when this situation may arise include: (a)

where the purpose in commissioning the work is for the client to multiply and sell copies on the market for which the work was created free from the sale of copies in competition with the client by the contractor or third parties; (b) where the contractor creates a work which is derivative from a pre-existing work of the client, e.g. when a draughtsman is engaged to turn designs of an article in sketch form by the client into formal manufacturing drawings, and the draughtsman could not use the drawings himself without infringing the underlying rights of the client; (c) where the contractor is engaged as part of a team with employees of the client to produce a composite or joint work and he is unable, or cannot have been intended to be able, to exploit for his own benefit the joint work or indeed any distinct contribution of his own created in the course of his engagement: see *Nicholas Advanced Vehicle Systems Inc v Rees* [1970] RPC 127 at 139 and consider *Sofia Bogrich v Shape Machines*, unreported, November 4, 1994, Pat CE and in particular page 15 of the transcript of the judgment of Aldous J. In each case it is necessary to consider the price paid, the impact on the contractor of assignment of copyright and whether it can sensibly have been intended that the contractor should retain any copyright as a separate item of property;

- (8) If necessity requires only the grant of a licence, the ambit of the licence must be the minimum which is required to secure to the client the entitlement which the parties to the contract must have intended to confer upon him. The amount of the purchase price which the client under the contract has obliged himself to pay, may be relevant to the ambit of the licence. Thus, in *Stovin-Bradford v Volpoint Properties Ltd* [1971] 1 Ch 1007, where the client agreed to pay only a nominal fee to his architect for the preparation of plans, he was held to have a licence to use the plans for no purpose beyond the anticipated application for planning permission. By contrast in *Blair v Osborne & Tompkins* [1971] 21 QB 78, where the client was charged the full RIBA scale fee, his licence was held to extend to using the plans for the building itself. Guidance as to the approach to be adopted is

provided in a passage in the judgment of Jacobs J. in *Beck v Montana Constructions Pty* [1964-5] NSW 229 at 235 cited with approval by Widgery LJ in *Blair v Osborne & Tompkins*, supra at 87: "it seems to me that the principle involved is this; that the engagement for reward of a person to produce material of a nature which is capable of being the subject of copyright implies a permission, or consent, or licence in the person giving the engagement to use the material in the manner and for the purpose in which and for which it was contemplated between the parties that it would be used at the time of the engagement."

- (9) The licence accordingly is to be limited to what is in the joint contemplation of the parties at the date of the contract, and does not extend to enable the client to take advantage of a new unexpected profitable opportunity (consider *Meikle v Maufe* [1941] 3 All ER 144).

[52] A curious example of the implication of a term which vested the beneficial ownership of the copyright in the client occurred in **R Griggs Group v Evans [2005] F.S.R. 31**. In that case, the court found an implied term in an agreement which vested the beneficial ownership of the copyright in a certain logo developed by a contractor named Evans to the Griggs Group who were the clients. The appellant Evans appealed against that decision. Griggs were members of a group of companies that included the manufacturer of "Doc Martens" footwear. A logo for the footwear was designed by Evans when he was working as a freelancer for the agency commissioned by Griggs to produce a logo combining the DR MARTENS and AIRWAIR marks. The issue of

whether Griggs were beneficial owners of the copyrights turned on the terms in the contract between Evans and the advertising agency.

[53] The appellant Evans submitted that there was no implied term as to title to copyright in the contract between themselves and the advertising agency, but only a limited licence, because he (Evans) did not know he was being asked to produce a logo trade mark for the client to use worldwide, as he was told he was producing material for United Kingdom point of sale.

[54] The United Kingdom Court of Appeal dismissed the appeal and applied the test set out by Lightman J. in **Ray v Classic FM Plc.** Jacob L.J. in delivering the judgment of the court at page 715 said:

...If an officious bystander had asked at the time of contract whether Mr Evans was going to retain rights in the combined logo which could be used against the client by Mr Evans (or anyone to whom he sold the rights) anywhere in the world, other than in respect of point of sale material in the UK, the answer would surely have been 'of course not.' Mr Evans had no conceivable further interest in the work being created - indeed he surely would never have had the job at all if there had been a debate about this and he had asserted that that was to be the basis of his work.

[55] Apart from the specific example provided by the **Griggs Case**, the learned authors of **Copinger et al Volume 1, 14th Ed.** at paragraph 5-170, (pp.302-303) set out a number of examples in which a court is likely to imply a term to assign the ownership of the copyright to the client. They say:

Circumstances in which an agreement to assign the copyright are likely to be implied include those where the work is made specifically for the commissioner's business and at his expense and neither party can have contemplated that the maker of the work would have any genuine use for it himself. It will be necessary to consider in particular the price paid, the impact of an assignment on the maker and whether it could sensibly have been intended that he should retain the copyright. The fact that the maker may have made use of underlying works supplied and owned by the commissioner, such as preliminary drafts or sketches, so that the commissioned work could not be used by the maker without infringing the copyright in these underlying works, will also support such an implication. Again, where the maker works as part of a team with employees of the commissioner, this may justify the implication. On the other hand, where it is contemplated that the work may be sold by the maker to others or where it incorporates elements that the maker is likely to use again in his business, such as standard routines employed by a software writer, together with additions that are specific to the commissioner's business, an intention that the commissioner should own the entire copyright is unlikely to be implied. Obviously the fact that the maker disowns any claim to any beneficial interest will make it easier in practice for the commissioner to establish his equitable title.

[56] More recently, the Privy Council considered the issue of implied terms in **Attorney General of Belize v Belize Telecom Limited [2009]**

UKPC 10. Lord Hoffman in delivering the judgment of the court made some general observations on the implication of terms which, broadly speaking, are in keeping with the principles outlined in **Ray v Classic** and **Griggs cases**.

[57] Applying these principles to the facts of this case, this Court concludes that Paul Lowe, the author of the computer programs at issue in this case, never intended to assign away, forever, his ownership

of the copyright in either the base CSSREMITT software or the Paymaster Multi-Payment Software Head Office Programme to Paymaster for the following reasons'. First, the evidence disclosed that although Paul Lowe would, from time to time, modify or improve his base CSSREMITT software to meet the needs of his customers, he always retained ownership and control of the software. There is no evidence that he would have done otherwise for the Head Office application (Paymaster Multi-Payment Software) that was developed for Paymaster. An unequivocal demonstration of ownership by Paul Lowe is provided in the words of Ms Marks in paragraph 16 of her

Affidavit dated 28.8.2000:

That as I was under the mistaken impression until November 1998 that Paymaster had purchased outright the Cash Remit system...on one occasion when Paymaster refused to pay Mr. Lowe for further rectification work he wrongfully shut down a part of Paymaster's Head Office system. That I then learned from Mr. McNaughton that it was a license for the C-S Remit programme which Paymaster had acquired...After discussions with Paymaster's attorneys Mr. Lowe restored the system...

[58] Paul Lowe's recollection of the events speaks for itself. It is set out at paragraph 23 of his **Affidavit dated 6.9.2000:**

That in the early part of December 1998 I turned off and disabled the system licensed to Paymaster because of the non-payment of amounts due to me for work that I had done and amendments and adjustments made by me to the software at the request of Paymaster and on the 3rd of December 1998 I received a letter from Ms. Nicole Lambert of the firm of Myers, Fletcher & Gordon who, acting on behalf of

Paymaster claimed that I had designed a Cash Remit System for Paymaster and that I had no right to take the action that I had taken...I have always maintained that the Cash Remit System that was licensed to Paymaster was my property and the dispute was resolved on the basis that I should restart the programme for Paymaster only after satisfactory arrangements had been made to pay to me the amounts outstanding and it was acknowledged by Paymaster and/or those representing them that the proprietary rights to the program were mine.

[59] Second, Paul Lowe was not required to, nor did he use any copyrighted material belonging to Paymaster while creating the Paymaster Multi-Payment Software for Paymaster. Dr. McNaughton and Ms Marks provided ideas and requirement specifications to Paul Lowe for the writing of the programme, but never contributed to the writing of the programme. Dr. McNaughton confirms this at paragraphs 4-8 in his **Affidavit dated 25.8.2000**

That by February 1995, I had developed a document named Paymaster Collections Network: Architecture and Operations which specified the structure and operations of the Paymaster collections network and the underlying hardware and software components necessary to support its operations...That I recommended the use of the CS-Remit software which had been developed by Paul Lowe as a suitable base platform on which to develop the software necessary to support the branch and back end aspects of Paymaster operations...That in addition to the material changes to the base cash remit software for the location cashiering operations, an entirely new programme was needed for the development of a head office software component, which would support the unique Paymaster head-office operations and collect and consolidate payment information from all Paymaster outlets at the end of each operating shift and segregate the payment information by client company ...That from 1994 I worked in close contact

with Ms Audrey Marks who had substantial input in the development of the requirements for the design and specification of the Paymaster technical infrastructure...That I advised Ms Marks accordingly and recommended that Ms. Marks retain Paul Lowe to write the programme for the collection software in accordance with the specifications which had been provided by me.

[60] It is clear to me from the evidence of the contractual arrangements (meagre as they were) that Paul Lowe was given "the design and specification of the Paymaster technical infrastructure" but expected to develop his own specifications for the software programme itself, based upon his interpretation of the business requirements which Paymaster had provided to him. That is the context in which I accept the following evidence by Paul Lowe at paragraph 5 of his **Affidavit dated 20.9.2000:**

I received only a verbal description of what Mr. McNaughton required. He wrote no script nor any specification whatsoever and I created the specifications and wrote the program necessary to give effect to the system as verbally described to me by Mr. McNaughton.

[61] Third, it cannot be disputed that the task of writing the computer programme was exclusively contracted to Paul Lowe. Neither Dr. McNaughton, Ms. Marks or anyone else from Paymaster took part in writing the computer programme.

[62] Fourth, Paul Lowe was engaged in the business of creating software for the bill payment industry. This is how he views his role:

...the present state of development of the CSSREMIT software is a valuable asset that has been developed over many years by the accretion of knowledge and expertise to the total store of the capabilities of the software which has made it desirable and useful and for me to continue in business I must continue to constantly update the software as the requirements of users and potential users of the software and the state of the industry changes...

[63] The customary inference in the trade would be for him to retain copyright in his software and licence it to his clients.

[64] Fifth, Paul Lowe did not provide the source code for either the Paymaster Multi-Payment Software or the base CSSREMIT to Paymaster.

Here is how he put it at paragraph 21-22 of his **Affidavit of 6.9.2000**:

That the source codes for the software program licensed to Paymaster are still in my sole custody and control and I have never parted with these to Paymaster or anyone on their behalf. No adjustment or amendments whatsoever can be made to the software program without these codes and they are the means by which I retain ownership and control of the program...That all of the various versions of the software program licensed to Paymaster and all of the entities mentioned above bear the distinctive mark or logo of "CSSREMIT" which appears on the computer screen when the system is activated.

[65] From the evidence, Paymaster has never claimed ownership of the source codes prior to filing an action in this court. In my judgment, the significance of the non-ownership by Paymaster of the source codes to both programs should not be underestimated. This fact is inconsistent with an implied agreement for an assignment of copyright in the Paymaster Multi-Payment Software to Paymaster.

Issue Two:

Did a relationship of confidence exist between GKRS and Paymaster and was confidential information belonging to Paymaster obtained by GKRS and passed to third parties?

[66] The particulars of breach of confidence set out in the Statement of Claim by Paymaster against GKRS are as follows:

- i) Using the confidential information obtained from Paymaster's business plan to solicit Paymaster's employees;
- ii) Copying and using Paymaster's computer programme and confidential data to the detriment of Paymaster; and
- iii) Improperly retaining and using Paymaster's business plans which were given in good faith and which contained "confidential information regarding the Plaintiff's computer programme and modus operandi".

[67] The Claimant must prove three things for the claim in breach of confidence to succeed. In **Coco v A.N. Clarke (Engineers) Ltd [1968]**

FSR 415 Megarry LJ set out the three requirements of the tort.

In my judgment, three elements are normally required if, apart from contract, a case of breach of confidence is to succeed. First, the information itself ...must "have the necessary quality of confidence about it". Secondly, that information must have been imparted in circumstances importing an obligation of confidence. Thirdly, there must be an unauthorized use of that information to the detriment of the party communicating it.

[68] There is absolutely no evidence that GKRS solicited any of Paymaster's employees, and having regard to the conclusion I have

come to on the first issue regarding ownership of the copyright, there is no breach by GKRS in using the Paymaster Multi-Payment Programme. All the same, in essence, what we are left with is the claim regarding retaining and using the Paymaster Business Plan.

[69] As a matter of evidence and Megarry's formulation in **Coco's case** four sub-issues arise:

- (1) Did GKRS receive Paymaster's Business Plan?
- (2) Did the business plan have the "necessary quality of confidence" about it?
- (3) Was the business plan imparted in circumstances "importing an obligation of confidence"?; and
- (4) Did GKRS use the business plan in establishing their bill payment business "to the detriment" of Paymaster?

As a matter of evidence did GKRS receive Paymaster's business plans?

[70] From the evidence Ms. Marks says that she gave a copy of Paymaster's business plan to Mr. Brian Goldson of GKRS. Mr. Goldson, on the other hand, gave evidence that he does not recall receiving the business plan from Paymaster. However, there is other evidence which Counsel for GKRS conceded suggests that the plan was in fact seen by GKRS, and I will so hold.

Did the plan have the "necessary quality of confidence" and was it imparted in circumstances "importing an obligation of confidence?"

[71] Counsel for GKRS submits that the Business Plan has nothing in it that could be described as having a "quality of confidence". They argue that it did not contain any financial information, either actual or projected and had no secret formulas or processes. They also say that it did not even have any new ideas or business concepts. Furthermore, they say that there is no evidence or even an allegation that Ms. Marks asked Mr. Goldson to treat the business plan as confidential. In fact, this is how Mr Goldson put it in his **Affidavit of 5.9.2000** at paragraph 26:

...there was no confidentiality agreement whether oral or in writing between the Plaintiff and the 1st Defendant. That any information conveyed to the 1st Defendant by Audrey Marks or any other person was not confidential having regard inter alia, to the fact that she had put her business plan in the public domain in her bid to obtain investments

[72] Counsel for GKRS argues that, in any event, what the business plan had was the collection of payments for multiple clients from multiple locations and making the payments convenient to the paying customer. These, they say, were already being implemented by GKRS together with Western Union using "Quick Pay".

[73] Counsel for GKRS relied on the case of **Berkeley Administration v McClelland [1990] FSR 505** in which the plaintiffs were part of a group of companies which operated bureaux de change. The first and sixth

defendants had been employed by the group in senior positions for short periods before being dismissed. After their dismissal, the first and sixth defendants drafted a business plan for the purpose of raising finance to set up a bureaux de change business in competition with the plaintiffs. Shortly afterwards they invited the seventh defendant, who was employed by the plaintiffs' group, to join them. After the seventh defendant had resigned from the plaintiffs, the three refined the business plan and set up the fourth defendant and later the fifth defendant, two companies.

[74] The plaintiffs alleged that the first, sixth and seventh defendants, in preparing their business plan, had used five specific items of information derived from financial projections contained in an appendix to a business plan of the plaintiffs', namely;

- i) the average operating profit per bureau de change;
- ii) the average profit in the first year of operation as a percentage of a full year's profit;
- iii) the average capital cost per bureau;
- iv) the average number of annual transactions per bureau;
- v) the average value of each transaction.

[75] The plaintiffs contended that their business plan was confidential, that the items of information relied upon were sufficiently confidential to be protectable after termination of the defendants' employment

and that it could be inferred that the defendants had used those items by virtue of alleged similarities between figures appearing in the respective business plans. It was held in dismissing the action:

- a) That the figures in the appendix relied upon by the plaintiffs were not genuine historical or forecast figures, but were assumptions for the purpose of supporting a proposal to raise a particular sum of money.
- b) The information in question was not sufficiently confidential to be protectable after termination of the defendants' employment.
- c) The similarities relied upon by the plaintiffs were apparent rather than real. The similarities did not actually exist in fact, but only by the application of a tortuous series of mathematical calculations based on arbitrary assumptions.

[76] Wright J in delivering the judgment of the court, had this to say:

However, even if there are similarities... I am not satisfied that any of the information bears the stamp of confidentiality within the criteria laid down... Thus, the average number of transactions per bureau can be arrived at, on a broad brush basis... from information which was so far from being confidential was proudly announced by Chequepoint to the world in advertisements in the financial press.... The number of bureaux that they were operating at the end of 1987 can hardly be regarded as confidential, and the through-put of 2,000,000 customers was plainly regarded as a matter for self congratulation and not confidentiality.

[77] The learned judge continued:

It seems to me impossible to say that there is anything confidential about this material. Anyone with a reasonable degree of experience in the bureau de change business, which the defendants undoubtedly had, would be well able to assess the size, type and location of appropriate premises in which to locate bureaux, and the most elementary enquiries in appropriate firms of estate agents, solicitors and shop fitters would be able to establish the likely costs involved.

[78] On the other hand, it is a proposition of law that an obligation in confidence arises when it is expressly stated or obvious from the circumstances in which the information is given, that it is confidential. This is so particularly when the parties are in or contemplating a contractual relationship

[79] **In Coco v. A.N. Clarke (Engineers) Ltd [1968] FSR 415**, it was said:

In particular, where information of commercial or industrial value is given on a business-like basis and with some avowed common object in mind, such as a joint venture or the manufacture of articles by one party for the other, I would regard the recipient as carrying a heavy burden if he seeks to repel a contention that he was bound by an obligation of confidence.

[80] More recently, in **Foreman v. Chambers [2006] BCSC 1244** the learned judge pointed out that the confidential information could be assembled from public records, but the information needs to be difficult to assemble, assembled in an innovative manner or analysed in an innovative manner. Since the information was readily available and there were no cost estimates for a recommended course of action and the land to be developed was known by both parties, there was nothing confidential in the nature of the information. By

contrast, in the instant case, the Paymaster Business Plan was a novel one and demonstrated significant preparation.

[81] It has been conceded that GKRS did in fact receive the Paymaster Business Plan. I find as a fact that when GKRS received the Business Plan, a business relationship was being contemplated with Paymaster. This can be inferred from the evidence of Paul Goldson in his **Affidavit dated 5.9.2000** between paragraphs 19 and 21. Here it is:

I recall being approached by Audrey Marks... with a proposition that she be appointed as a sub-agent of Western Union. She also indicated that she had been trying to obtain additional financing for the business and proposed that the 1st Defendant invest in the Plaintiff. As we had the intention to venture into the multi-payment system we were willing to consider the investment possibilities. However, the main thrust of our discussions at this time related to the Western Union Sub-Agency...we conducted a site visit to ensure the necessary infrastructure was in place...That we declined the investment proposition after completing our due diligence...We conducted a technology due diligence from which we ascertained that the Plaintiff did not own the software being used by it.

[82] As was said in **Coco's case**, GKRS carries "a heavy burden if" they seek "to repel a contention that" they were "bound by an obligation of confidence." That is a burden, which GKRS has in this case failed to throw off and I hold that they were bound by an obligation of confidence in relation to Paymaster's Business Plan.

Did GKRS use the business plan?

[83] Counsel for Paymaster contends that GKRS was able to fast track their development by using the Paymaster Business Plan and the Paymaster Multi-Payment Software. They also contend that confidential business information relating to Paymaster was contained in the software programme that was licensed to GKRS in October 1999 and used by them to compete against Paymaster until October 2000. There is evidence, which I accept, that the demo Head Office programme given to GKRS in October 1999 and August 2000 had Paymaster's Name, Locations and Client Companies exhibited when opened. They argue that both Paul Lowe in delivering the programme containing the information and GKRS in using the programme with that information were acting in breach of confidence.

[84] Unfortunately, this argument does not stand up to scrutiny. For Paymaster to succeed on this cause of action, they must establish that GKRS used its business plan. Counsel for GKRS points out that there is no evidence that GKRS used Paymaster's Business Plan. Mrs. Joan Marie Powell the Managing Director of GKRS prepared a useful comparison table between Western Union Actual, GKRS Actual, and Paymaster Business Plan Actual which was admitted as Exhibit 2. This was put to Ms. Marks under cross-examination by Counsel for GKRS

and she agreed that the items under the column "Paymaster Business Plan" accurately summarize her business plan.

[85] From an inspection of the table in Exhibit 2 it cannot be said that any of the plans represents a copy of the other. The service offered by Western Union is a bill payment service but differs from that of Paymaster in that Paymaster collects on behalf of Jamaican companies for their customers while Western Union collects remittances from overseas for their customers.

[86] I find as a fact that GKRS conducted their own independent research and made their own plans prior to starting Bill Express. This is clearly demonstrated by credible evidence given by Paul Goldson in his **Affidavit of 5.9.2000**. He said:

...in 1996. I made a Power Point presentation to the management of Grace Kennedy & Company Limited setting out the 1st Defendant's direction for the future....That although we were familiar with the multi-payment business due to our exposure to the Western Union system, we still felt we needed to do our own research and make our own way in the business. That as result in late 1997 to 1998, we sent one of our Western Union managers in Trinidad, Marcia Chon Tong, to New York for a year to study the business. She acquired knowledge and experience in how the system operated and was able to advise us as to how such a business would operate on a daily basis as well as its software needs. That the 1st Defendant would require among other things software that would allow us to conduct the business efficiently and effectively. We started to source the software. This presented the primary difficulty for us. We located software overseas which we later demonstrated to some of our clients along with software which we obtained from the 2nd Defendant, a local owner of software...That in order to

name the product we conducted a staff poll...We decided on the name "BILL\$XPRESS" and the slogan "Consider it Paid". We then set about engaging the services of an artist to create the logo...That after two years of preparation and planning the 1st Defendant in or about 1999 rolled out its bill payment product "BILL\$XPRESS.

[87] So it is then, the claim for breach of confidence has not been made out and, consequently, must fail.

Issue Three:

Was the Bill Express logo likely to deceive the public to use their bill payment services rather than Paymaster's? Has GKRS committed a "Passing Off"?

[88] The modern law of passing off is set out by the House of Lords in

Reckitt & Colman Products Ltd. V Borden Inc [1990] 1 W.L.R. 491. The

elements necessary to make out a claim for passing off are that:

- a) The claimant's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- b) There is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods and services of the claimant; and
- c) The Claimant has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

[89] In **Jarman & Platt Ltd. v I. Barget Ltd and Others**, [1977] F.S.R. 260

Megaw L.J. in delivering the judgment of the court dealt with the first element of reputation in this way:

It is clear from many authorities, and it has not been challenged on behalf of the plaintiffs in this appeal, that the question of confusion - the second proposition - does not arise unless and until the plaintiffs have established the reputation of the goods - the first proposition. That is something which is sometimes forgotten, and which the defendants submit may have been forgotten, or not correctly appreciated, by the learned judge in the present case. If reputation is not established, the question of confusion does not arise. There is in that event no valid reason why any other trader should not, if he wishes, copy the "get-up" of the plaintiff's goods. There is no resulting infringement of any right of the plaintiff, for he has no monopoly right in the "get-up" of his goods.

[90] Magaw L.J. cited with approval Graham J's dictum in **Tavener Rutledge Ltd. v. Specters Ltd.** He said:

The basic requirement in a passing off action of the present type is that the plaintiff should have such a reputation in the goods in question that they are distinctive of him, and are recognised as being so by the relevant members of the trade and of the public. It is only if the plaintiff succeeds, first of all, in establishing this sine qua non requirement, that he is able to go on to try to establish the further requirement, that there has been a representation by the defendant that his goods are the goods of, or connected with, the plaintiff...It does, however, seem to me . . . that in order to establish a reputation in such distinctive appearance the plaintiff must in practice be in a position to call strong evidence to that effect.

[91] He continued by adopting the submission by the successful appellant. He said:

A plaintiff must show more than mere prior user by him of the particular "get-up." He must show that the "get-up" has become in the mind of the public distinctive of one particular trader and no other trader; so that the "get-up" has come to mean, to the public, a product coming from a particular commercial source. They, the public, do not have to know the name of the trader. But it has to be shown that the product is in the minds of individual members of the public who are buyers or potential buyers of the goods, "the product of that manufacturer with whom I have become familiar." That is the test. The property arising from the reputation, must be actual, proven goodwill in the mind of the public towards the owner of the reputation. The ownership of that reputation must be proved. Where the "get-up" consists of characteristics of the product itself, such as the shape and colour of the article itself, such proof is not easy. The common law leans against the recognition of a monopoly right.

[92] Counsel for Paymaster contends that there was a calculated effort by GKRS to imitate Paymaster and to present GKRS in a way that it would seem as close to Paymaster as possible. They argue that the similarities in respect to the colours, the dollar sign and the logo cannot be accidental particularly as GKRS knew of the existence of Paymaster and the type of business that it was in. They also point out that GKRS must have known of the consequences of its behaviour. All of this they say was injurious to Paymaster's business

[93] These arguments have weaknesses. First, there is no evidence that, in 2000 when GKRS started business, Paymaster and its bill payment business were known by the colours green and yellow, or that they could be considered a "distinguishing feature" of Paymaster. It is clear from all the pictures in evidence that dark blue was also a significant

feature of Paymaster's logo and public signs. On a straight comparison between the two signs exhibited in this case it cannot be concluded that the two businesses are connected.

[94] In **Colgate-Palmolive Co v Patel [2006] F.S.R. 23** the defendant was selling toothpaste in India in red and white cartons, which were identical to the colours used by the plaintiff. The plaintiff claimed for both infringement of trademark and passing off. In addition to having a registered trademark, "the plaintiffs had always marketed their product with the red carton and the word "COLGATE" was inscribed on the said red carton in white colour and the other small print on the carton was also in white colour".

[95] The High Court of Delhi held that:

The plaintiff's plea if accepted would effectively bar the colour combination of red and white from the toothpaste trade. Thus if any other rival manufacturer were to use a red background with white lettering for its carton and product it would straightaway amount to infringement according to the plaintiff's submission. In my view the plaintiff's submission qua its plea of infringement if accepted would amount to depriving the concerned trade, of the colour combination of red and white without any proof of similarity and likelihood of deception. Considering the fact that nature has only seven primary colours, the effect of such interpretation would be to effectively deprive the trade of one seventh out the available spectrum of colours. A plea of such monopoly over the colour red combined with white print as advanced by the plaintiff cannot be accepted.

[96] I find that the claim for passing off based on colours has not been made out.

[97] I accept that the use of the dollar sign by Paymaster as part of its logo is inconsistent. Some of the signs have one bar and in others there are two bars. In some cases, the signs are vertical, and in others they are slightly diagonal. The signs by GKRS on the other hand, use a diagonal \$ sign with the \$ forming a break between the words "Bill" and "Xpress". I find as a fact that the word and logo including the \$ sign for Paymaster and GKRS are different.

[98] In **Cadbury-Schweppes v Pub Squash [1981] 1 All ER 213** a decision of the Privy Council on appeal from Australia in approving the Australian High Courts judgment in **Hornsby Building Information Centre Pty. Ltd v Sydney Building Information Centre Pty. Ltd** took the view that slogans are likely to be descriptive of the goods. In **Hornsby's case** Stephens J held that:

There is a price to be paid for the advantages flowing from the possession of an eloquently descriptive trade name. Because it is descriptive it is equally applicable to any business of a like kind, its very descriptiveness ensures that it is not distinctive of any particular business and hence its application to other like businesses will not ordinarily mislead the public. In cases of passing off, where it is the wrongful appropriation of the reputation of another or that of his goods that is in question, a plaintiff which uses descriptive words in its trade name will find that quite small differences in a competitor's trade name will render the latter immune from action.

[99] In this case, Counsel for Paymaster submits that the slogan "the easy way to pay" was developed and used by Paymaster and that

GKRS used those words as part of its slogan. However, from the evidence, Paymaster used "Jamaica's first multi-payment agency" on its signs, billboards, and other documents. I find as a fact that Paymaster's slogan was "Jamaica's first multi-payment agency" and not "the easy way to pay". The evidence also discloses that GKRS used "Consider it Paid" on their billboards, signs, and other documents and I so find.

[100] The pleading filed by Paymaster claims that members of the public and their clients were "deceived and confused" by the actions of GKRS. However, Paymaster concedes that there is no evidence that any members of the public were deceived, but say it is not necessary for Paymaster to prove actual deception or damage. It is enough that the action of GKRS was likely in the ordinary course of business to deceive or cause confusion to ordinary members of the public.

[101] In **Compatibility Research Limited v Computer Psyche Co. Ltd. [1967]**

F.S.R. 63, Stamp J had this to say:

However, whether there was or was not confusion, if a trader sets up a new business and carries it on by startling new methods which become well known to the public, confusion is likely to be caused when another trader establishes a similar sort of business and carries it on by methods which have become well known to the public as the plaintiffs' methods; but a trader who sets up a new trade has no monopoly of that trade or of the manner of carrying it on, and he cannot prevent a rival trader copying his ideas, notwithstanding that confusion will be caused.

[102] In **Neutrogena Corp v Golden Limited [1996] R.P.C. 473** Morritt LJ. in explaining the relevant test said that:

There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is "is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents' [product]" The same proposition is stated in *Halsbury's Laws of England* 4th Edition Vol.48 para 148. The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175 ; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101. This is the proposition clearly expressed by the judge in the first passage from his judgment which I quoted earlier. There he explained that the test was whether a substantial number of the plaintiff's customers or potential customers had been deceived for there to be a real effect on the plaintiff's trade or goodwill. The objection of Garnier is that other observations of the judge demonstrate that he regarded "a substantial number" and "real" as equivalent to "more than de minimis" and "above a trivial level". Reliance is placed on observations made by the judge during the submissions of counsel in the course of the trial, after he handed down his reserved judgment and in giving judgment on a subsequent application for a stay pending appeal.

[103] There is no evidence of any confusion or deceit and so the claim for passing-off has not been proven on balance and must, therefore, fail.

Issue Four:

Did GKRS know or ought to have known about the ownership of the software? Did Paul Lowe breach his contract with Paymaster, and if so, did GKRS induce Paul Lowe to breach his contract with Paymaster?

[104] Paymaster contends that Paul Lowe was in possession of valuable information in the course of his relationship with Paymaster and this valuable information came into his possession in confidential circumstances. They say that this information was disclosed to GKRS in breach of his contract with Paymaster and that GKRS, in licensing the computer programme from Paul Lowe, caused him to breach his contract with Paymaster. Having regard to my conclusion that Paul Lowe is the owner of the copyright and is entitled to license it to other persons, the cause of action for breach of contract and inducing breach of contract cannot succeed.

Summary

- a) No further details or pleading are required to raise the issue of an implied agreement between Paul Lowe and Paymaster for ownership of the Paymaster Multi-Payment Software
- b) Paul Lowe, the author of the computer programmes at issue in this case, never intended to assign away, forever, his ownership of the copyright in either the base CSSREMIT software or the Paymaster Multi-Payment Software to Paymaster

- c) GKRS did not use Paymaster's business plan, but developed Bill Express from its own efforts. The claim for breach of confidence has not been made out.
- d) There is no evidence of any confusion or deceit and so the claim for passing-off has not been proven on balance.
- e) As Paul Lowe is the owner of the copyright in the Paymaster Multi-Payment Software and is entitled to license it to other persons, the cause of action for breach of contract and inducing breach of contract cannot succeed.

Disposition

[105] The matter is disposed of as follows:

- i) On the claim brought by Paymaster: GKRS and Paul Lowe shall have their judgment on the issue of liability with costs to be agreed or taxed.
- ii) On the Counterclaim brought by Paul Lowe: He shall have his judgment against Paymaster with costs. Damages to be assessed at a date to be fixed by the Registrar of the Supreme Court.
- iii) The Court orders an enquiry into damages consequent on Paymaster's undertaking given to the court on the granting of the interim injunction in this matter. This enquiry is to be fixed on a date to be set by the Registrar of the Supreme Court.