

Hayward Bros. Ld. v. Peakall.

IN THE HIGH COURT OF JUSTICE.—CHANCERY DIVISION.

Before MR. JUSTICE EVE.

November 10th, 1908.

HAYWARD BROS. LD. v. PEAKALL.

5 *Trade Mark.—Action for infringement and for passing off.—Motion for interlocutory injunction.—Concurrent right set up by Defendant.—Injunction granted.*

*In and prior to 1905 a firm of P. H. and Co. were selling pickles which they called "Royal Masonic Pickles" under a certain label. This firm was dissolved
10 and G. bought their stock-in-trade and labels, and H. entered his employ. During the term of his employment G., trading as D. and H., registered the Trade Mark sued on. It contained the words "Masonic Pickle," and in use the word "Royal" was prefixed; in several other respects it resembled the label previously used by P. H. & Co. H. left the employment of G., and commenced to make pickles and
15 sell them under the name of "Royal Masonic Pickle," and under the label complained of. The assignees of G.'s goodwill and registered Trade Mark commenced an action for infringement of the Trade Mark and for passing off against a person who was selling H.'s pickles, and moved for an interlocutory injunction. The Defendant contended that the registration of the Trade Mark
20 was not valid, and that, even if it were, he, claiming under H., had a concurrent right, as H.'s right to use the original label revived on the termination of his engagement with G., and H. had a right to be registered jointly with the Plaintiffs.*

*Held, that the objections to the registration were matters which could not be
25 decided on and could not avail as a defence to the Motion; and that, even assuming that H. had a right to concurrent registration of the original label and to use it, he was not using that label, but had adopted a label which was an infringement of the Plaintiffs' registered label, and that the Plaintiffs were not precluded from succeeding by delay. An interlocutory injunction was
30 granted.*

On the 16th of December 1907 Harry Dudley Greenwood, trading as Dudley and Hambrook, registered in Class 42 in respect of pickles under No. 298,887 a

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Trade Mark, a representation of which is given below. This Trade Mark was used as a label of approximately the same size as the labels set out below, and with the word "Royal" placed above the words "Masonic Pickle."



On the 2nd of October 1908 *Hayward Bros. Ld.*, who were then the registered proprietors of the Trade Mark, commenced an action against *Arthur George Peakall* claiming an injunction to restrain the Defendant, his servants and agents, from wrongfully imitating the Plaintiffs' registered Trade Mark No. 298,887 used by the Plaintiffs in respect of a pickle manufactured and sold by the



Plaintiffs and known as "Masonic Pickle," or from passing off pickles not manufactured by the Plaintiffs as the Plaintiffs' pickles by using bottles and labels in connection with the sale thereof having such resemblance to those of

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the Plaintiffs as to be calculated to deceive; and for an account of profits, damages, and costs.

The Plaintiffs gave notice of Motion for an interlocutory injunction in the terms of the Writ.

- 5 A representation of the Defendant's label (hereinafter referred to as F.T.H. 4), complained of by the Plaintiffs, is given at the bottom of page 90.

It appeared from the evidence that in 1902 two persons named *Perrini* and *Hambrook* started to manufacture pickle which they sold as "Royal Masonic Pickle" under a label, a representation of which is given below. This firm



- 10 got into financial difficulties and was dissolved, and the stock-in-trade and labels were sold partly by agreement and partly by the trustee under a Deed of assignment for creditors dated the 12th of October 1905. The Plaintiffs claimed as the successors of *Harry Dudley Greenwood*, who had purchased at or about September 30th 1905 from *Perrini* and *Hambrook* the whole of their stock and
- 15 plant, including their stock of the said pickles and of their labels. *Hambrook* entered the service of *Greenwood* under an Agreement of the 30th of September 1905, which contained a clause that he should disclose all recipes in connection with articles offered for sale. It was whilst *Hambrook* was in *Greenwood's* employ that *Greenwood* applied to register the said registered label, but there was
- 20 a conflict of evidence as to the designing of the label, which is dealt with in the judgment stated below. In December 1907 *Greenwood* determined the Agreement with *Hambrook*, who subsequently entered into an arrangement with the Defendant that the Defendant should sell all the pickles which *Hambrook* should manufacture. In the month of December 1907 the Defendant *Peakall*
- 25 purchased a portion of the stock of pickles of *Dudley and Hambrook*, together

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with, as the Defendant alleged, some of their labels. These were not the labels complained of. The Plaintiffs claimed as assignees of the goodwill of *Dudley and Hambrook* and of the Trade Mark registered by them, and *Greenwood* deposed that he disclosed the recipes to them on the sale to them. *Hambrook* alleged that the goodwill of and Trade Mark used by *Perrini and Hambrook* did not pass to *Greenwood* nor the right to the recipe, and that *Greenwood* was only to have the use of the Trade Mark so long as *Hambrook* continued in his employ. The facts are more fully dealt with in the judgment. 5

The Motion came on for hearing before Mr. Justice EVE on the 10th of November 1908. 10

P. O. Lawrence K.C. and *Boome* (instructed by *Attenborough & Sons*) appeared for the Plaintiffs; *H. Fletcher Moulton* (instructed by *Simpson, Palmer, and Winder*) appeared for the Defendant.

EVE J.—Mr. *Moulton*, for the Defendant in this case, has put forward every argument which, with his ingenuity and knowledge of this branch of the law, he could have put forward; but in my opinion the real issue, which I have to determine upon this Motion, is a very simple one. 15

Dealing first with the last suggestion which has fallen from Mr. *Moulton*, I think that if the Defendant had said that the bottles, which he was putting on the market and of which complaints were now made, were the bottles which were sold to him or were labelled with the labels which were sold to him at the time when he acquired a portion of the stock and labels from *Greenwood*, it would have been quite impossible for me, upon an interlocutory Motion, to restrain him from dealing with those bottles and those labels. They were sold to him by *Greenwood*, the common predecessor of the Plaintiffs, and of the Defendant, for the purposes of sale, and if he had in fact been selling them it would have been quite impossible for me, at the instigation of other persons, claiming also under *Greenwood*, to have restrained him from carrying out that sale. 20

The Defendant has met the case quite fairly. What he puts forward is this:—"I am entitled to have printed and to put upon the market labels such "as the label the Plaintiffs now complain of—the label 'F.T.H. 4.'" The point between the Plaintiffs and the Defendant on the hearing of this motion is—Aye or No, ought the Defendant to be restrained from selling pickles with the label "F.T.H. 4" attached to the bottles until the trial of this action. 25

The Plaintiffs have a registered Trade Mark, and the registration is *prima facie* evidence that the Trade Mark has been validly registered. Mr. *Moulton* quite frankly admitted that, if it were merely a case resting alone on the two marks, he could not successfully contend that the mark "F.T.H. 4" is not an infringement of the registered Trade Mark, but he said that it is not an infringement in respect of which the Court ought to grant an injunction at this stage, first, because in the course of the action there are elements connected with the registration and the characteristics of the Plaintiffs' Trade Mark, which will result probably in the Register being rectified by it being struck off, or alternatively, if the Plaintiffs' mark is not struck off, the Defendant or the person through whom the Defendant claimed, Mr. *Hambrook*, will, in the course of the proceedings, be able to establish his right to have the mark in respect of which this action is brought registered jointly with the Plaintiffs' Trade Mark. 35

In order to make good those two points, Mr. *Moulton* has indicated the matters in connection with the registration and the characteristics of the Plaintiffs' Trade Mark, which he says will result in a successful application to expunge it from the Register. It seems to me that those are matters which must be dealt with hereafter. It is not possible at this moment for me to hazard an opinion as to whether any application to expunge from the Register would succeed or 55

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not. It is obviously a case where a great deal more of the facts will have to be ascertained, and where the law will have to be considered with a larger expenditure of time than I am able to afford upon an interlocutory application for the purpose of determining how far, if at all, those arguments will prevail to
5 get the Plaintiffs' Trade Mark struck off the Register.

But the second point which he takes—the point as to the concurrent right of the Defendant to have his mark registered—is a matter with which I must deal, because, if he has shown a *prima facie* case for that it seems to me I ought not to interfere by interlocutory injunction.

10 The facts upon which he bases that claim are these. He says quite rightly that *Perrini* and *Hambrook* started to manufacture this compound in partnership in 1902, and that when they put it upon the market they attached to the bottles a label containing certainly a great many of the distinctive insignia which are present in both the Plaintiffs' label and the label of which complaint
15 is made, and he admits that misfortune overtook the partnership, and that, consequent upon their being unable to satisfy their creditors, the partnership was dissolved, and that the stock-in-trade and the labels which were in hand were sold, partly through agreement and partly to the trustee under a Deed of assignment which they entered into for the benefit of their creditors, and that
20 *Hambrook* for a period had to take a situation with the purchaser, *Greenwood*, who, having acquired the stock-in-trade and the labels, made this further bargain with *Hambrook*—that *Hambrook* should serve him for a period of three years, and should disclose to him such recipes as were necessary in order to enable him (*Greenwood*) to continue to manufacture the pickles. All that is common ground. Then differences in the evidence occur with regard to
25 what took place, when *Hambrook* was engaged, as to the new label which was to be used; but, I think, reading the evidence carefully, that there is no doubt about it, *Greenwood*, with the assistance of *Hambrook*, did introduce into the label, which had been theretofore used by the partnership of
30 *Perrini, Hambrook and Company*, certain alterations which resulted in the label which the Plaintiffs have since registered. I have no doubt in my own mind that what *Greenwood* says is true—that the actual designing was done by somebody employed by him; but I have also no doubt that there is truth in what *Hambrook* says—that he was consulted, and that he assisted in the
35 elaboration of that label, and that the label was used by *Greenwood* during the time that *Hambrook* was in his employ down to the sale of the business in the beginning of the present year.

Shortly before the sale of the business the agreement between *Greenwood* and *Hambrook* came to an end; *Greenwood* having the power to terminate on
40 notice in certain circumstances. Those circumstances appear to have arisen, and he duly determined. Thereupon, Mr. *Moulton* says, a right revived in *Hambrook* to resume the user of the label, which he had used down to the time when the partnership with *Perrini* came to an end. I do not think that that is so. I think that it is extremely doubtful whether *Hambrook*, as one
45 of two liquidating partners who had purported to assign all his interest and property to a trustee for his creditors, did retain, or could assume individually the right to the use of a label which had constituted a partnership property. But I assume for the moment that that was so. Assuming in favour of Mr. *Moulton's* client that, when *Hambrook* ceased to serve *Greenwood*, there revived
50 in him a right to use the old label, or to resume the use of the old label, he has not done it. If he had done so, I might have found some difficulty in dealing with the matter on an interlocutory application. What did he do? Instead of resuming the label which Mr. *Moulton* suggests he had a right to resume the use of, he employed a printer who copied slavishly with two exceptions the label,
55 which, putting it most in his favour, he had assisted *Greenwood* in preparing

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in order to indicate the goods of *Dudley and Hambrook*. He has not exercised or purported to exercise the right which Mr. *Moulton* claims as having revived to him or being still vested in him at the termination of his engagement with *Greenwood*. He has gone out of his way, as it seems to me, to adopt, not the old label, but the new label of his former employer. It is that, and that only, with which I am concerned upon this Motion. It may be that in the action the defence will proceed on lines which will show that, if *Hambrook* had any such right, that right was sufficient to prevent the registration of the Plaintiffs' label, but as *Hambrook* is not at this moment asserting that right, the Plaintiffs naturally are not complaining of his having done it. What they are complaining of is not that he is asserting a right, but that he has gone out of his way, under colour possibly of that right, to adopt and to use a label which, it is conceded, constitutes an infringement of the label registered by the Plaintiffs.

Under those circumstances, as it seems to me, the short issue which I have to determine upon this Motion, treating the registration as *prima facie* evidence of the validity of the registration, is—whether or not this label (F.T.H. 4) is one of which the Plaintiffs, as owners of the registered label, may legitimately complain, and the continuing user of which they have a right to stop. I have no hesitation in coming to the decision, a decision it seems to me which is the only one at which one can arrive looking at these two labels, that label F.T.H. 4 constitutes an infringement.

The Plaintiffs having established that, Mr. *Moulton* suggested, and put it again very forcibly, that at this stage, after the user has gone on for some considerable period, it would be unfair to the Defendant to interfere by an interlocutory Order. It seems to me that there are several answers to that. In the first place, the registration of the label was only advertised in the month of May 1908. The application was lodged on the 16th of December 1907, but was apparently not ready for determination until the month of May 1908. I do not know that that alone would be sufficient to entitle the Plaintiffs to relief upon an interlocutory application, but there is this further fact which I cannot lose sight of. The Plaintiffs were in this difficulty; that there were on the market certain labels which purchasers were entitled to use. *Peakall* himself was a purchaser of some of those labels. What the Plaintiffs had to find out was that pickles, which were being put upon the market as "Royal Masonic Pickles," were pickles labelled, not with labels purchased by *Peakall* or anybody else from *Greenwood*, but with labels of a new origin, and so it does not seem to me that before the Defendant met this case by asserting his right, the Plaintiffs were in a position to know that their rights were really being infringed by what was taking place. I think that those circumstances combined go to this—that the Plaintiffs have not been guilty of any lying by or standing by which has induced the Defendant to alter his position, and under those circumstances I do not think that I ought to make the mere fact that this user has been going on for some considerable time a bar to their right to relief.

The form of Order which I propose to make is an Order as asked by the notice of Motion. It seems to me that that is directed to the particular infringement. But I propose to add to it, "and from passing off pickles not manufactured by the Plaintiffs as the Plaintiffs' pickles, or using labels in connection with the sale thereof having such resemblance to those of the Plaintiffs as to be calculated to deceive." I strike out the words "bottles and" because I accept the Defendant's statement that these bottles are common to the trade, and that there is nothing unusual in the place and manner in which the labels were attached to the bottles.

Moulton.—My clients may consider that on this point they will have to go further? Would your Lordship, if they do, suspend the injunction over next Motion day?

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EVE J.—The only object of making an interlocutory Order is that it may be effective at once. I think that you will have no difficulty. You will probably get to the Court of Appeal in a few days. I do not think that I ought to suspend the Order.
