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ITT SHERATON CORPORATION OF AMERICA

v.

SHERATON HOTELS LIMITED AND OTHERS

[SUPREME COURT, 1974 (WILLIAMS J.), 26th February]

B

Civil Jurisdiction

Trade marks—protect goods and not services—no infringement unless mark used upon and in connection with goods—Trade Marks Ordinance (Cap. 212) s.2.

Passing off—goodwill or reputation to be protected must be established where action brought.

C

The plaintiff company brought proceedings to obtain injunctions to restrain the defendants from infringing the plaintiff's registered trade mark and from using the word "Sheraton" in describing their hotel business in Fiji.

Injunctions were refused:

D

1. A trade mark was related to goods, and the defendants did not deal in or manufacture goods. They provided services.

2. In order to succeed in a passing off action, it must be shown that a reputation by user had been established in the country in which the action was brought. In the present case the plaintiff had not demonstrated that it had established any goodwill or reputation in Fiji by use of the word "Sheraton" and therefore had nothing to protect in a passing off action. (*Alain Bernadin et Compagnie v. Pavilion Properties Ltd.* (1967) 19 R.P.C. 581 followed.)

E

Other cases referred to:

Sheraton Corporation of America v. Sheraton Motels Ltd. (1964) 8 R.P.C. 202.

Oerli A. G. v. Bowman [1957] R.P.C. 388.

Application for injunctions for infringement of trade marks on the grounds of passing off.

F

Ian C. Bond for the plaintiff.

D. S. Sharma and K. C. Ramrakha for the 1st and 2nd defendants.

3rd defendant not represented.

WILLIAMS J.: [26th February 1974]—

The plaintiff wants injunctions to restrain the defendants from infringing the plaintiff's registered Trade Mark No. 7139 and from using the word "Sheraton" in relation to a hotel which the defendants have recently opened in Fiji. The title of this action shows that the plaintiff and the defendants use the word "Sheraton" in describing their hotel business. The plaintiff has registered the word "Sheraton" in Fiji as a trade mark under the Trade Marks Ordinance (Cap. 212). Section 2 thereof defines "trade mark" as:

G

".....a mark used.....upon or in connection with goods for the purpose of indicating that they are goods of the proprietor of the trade mark....."

H

It is clear that a trade mark is related to goods.

- A** Nowhere in the affidavit of the plaintiff's vice president filed on 19.12.73 is there any allegation that the plaintiff makes, buys, supplies, sells or deals in goods of any description. It is clear from the said affidavit that the plaintiff corporation operates hotels in very many countries throughout the world. They provide the kind of services that one expects from hoteliers; but services are not goods. Printed material such as advertising brochures, advertising pamphlets, letter-heads, bill-heads etc. are not goods in my view, they are simply communications distributed via advertising media in various parts of the world, seeking to draw attention to the hotel services provided by the plaintiff.

B The defendants likewise are offering services as hoteliers. The affidavits filed by the plaintiff does not allege that the defendants deal in or manufacture goods at all, let alone use the plaintiff's trade mark in connection with any such business. All allegations are directed to the operation by the defendants of a hotel in Fiji. The plaintiff has not established any ground for an injunction in relation to the trade mark.

C The plaintiff also bases his application for injunction on the grounds of passing-off, relying on decisions of the English Courts and an American decision. He helpfully listed and filed the said authorities. The defendants likewise tendered a list of cases that they relied upon. The facilities of the library provided in the Supreme Court at Suva, Fiji, is not so extensive as to enable one to take full advantage of this type of industry and courtesy displayed by the applicants. The plaintiff and defendants supplied photostat copies of reports of R.P.C. cases which they relied upon.

D The plaintiff naturally referred to *Sheraton Corporation of America v. Sheraton Motels Ltd.* (1964) 8 R.P.C. 202 and supplied photostat copy of that judgment which favoured the plaintiff herein in a passing-off action in England. The American plaintiff obtained an interim injunction against Sheraton Motels Ltd. of England to restrain them from using the name "Sheraton" in England in relation to the defendant's business as a hotelier. At the time of the action the American plaintiff neither operated nor owned any hotel in the United Kingdom and therefore there could not be, on the face of it, any damage to the plaintiff in England by the defendant's use of the word "Sheraton" in England. Nevertheless the plaintiff succeeded.

E The defendants in this application to me relied upon the decision in *Alain Bernardin Et Compagnie v. Pavilion Properties Ltd.* (1967) 19 R.P.C. 581, and supplied me with a photostat of that case. The plaintiff Alain Bernardin was probably inspired to bring his action as a result of the decision in the aforesaid (Sheraton) case. It appears that "Alain Bernardin" ran a place of entertainment in Paris called the "Crazy Horse Saloon". The defendants commenced a similar kind of business entertainment under exactly the same name in London, and the French plaintiff sought to restrain the English defendant from using the description or title "Crazy Horse Saloon" in London by bringing a passing-off motion. The French plaintiff failed, on the ground that it had not acquired any goodwill in the United Kingdom, and that unless there had been any user by the plaintiff in the United Kingdom it would not be possible to claim the establishment of any goodwill, associated with the title "Crazy Horse Saloon".

F At first sight, the two aforesaid decisions appear to clash but Pennycuik J. distinguished the case of the Sheraton Hotels from the Alain Bernardin case. He said at page 583 in his judgment in the Alain Bernardin case:—

G "The foundation of the action for passing off is the protection of goodwill, and so one must find the existence of goodwill, together with acts calculated to injure it."

On the same page 583 he quoted from a judgment of Lord Macnaghten who observed that in his view one attribute common to all cases of goodwill is the attribute to locality. A

Pennycuick J. at page 584 stressed the following statement made by Jenkins L.J. in *Oertli A. G. v. Bowman* [1957] R.P.C. 388:—

“It is, of course, essential to the success of any claim in respect of passing off, based on the use of a given mark or get-up, that the plaintiff should be able to show that the disputed mark or get-up has become by user in this country distinctive of the plaintiff’s goods so that the use in relation to any goods of the kind dealt in by the plaintiff of that mark or get-up will be understood by the trade and public in this country as meaning that the goods are the plaintiff’s goods.” B

I do not think that anyone will dispute that in the above quotation, one might use the expression “business” instead of goods in relation to the instant case, or perhaps better still use the word “hotels”. Pennycuick J. then stated that the quoted judgment of Jenkins L.J. unequivocally requires user to be in this country. A trader, he says, cannot acquire any goodwill in this country without user in this country. He said that a reputation established in England about the excellent facilities and services etc. provided abroad by an organisation is not the same thing as goodwill created by user in the United Kingdom. C

At page 587, of his judgment in the Alain Bernardin case, Pennycuick J. pointed out that in the Sheraton Hotel case, Buckley J. must have found that although the American plaintiff (Sheraton Hotels) had no hotels, restaurants etc. in the United Kingdom, they had established some kind of user in the U.K., in that they had their own United Kingdom office, so that bookings could be made in the United Kingdom for the plaintiff’s hotels situated abroad, as well as making such bookings through travel agencies in the United Kingdom. D

At page 588 he found that Alain Bernardin (plaintiff) had not shown that it had acquired by user of the name “Crazy Horse Saloon” in the United Kingdom, any goodwill or reputation sufficient to be protected in a passing off action. E

Pennycuick J. observed at page 588 that it was clear that the defendants (Pavilion Properties Ltd.), had chosen the name “Crazy Horse Saloon” in order to “cash in” on the reputation, in the wider sense, of the plaintiff and had deliberately copied the plaintiff’s kind of display. He observed that if he could hold that the plaintiff company had established a reputation in the relevant sense in this country (i.e. United Kingdom) he would grant the injunction. He refused the application. F

It was apparent from the judgment of Pennycuick J. in the “Alain Bernardin” case that the factors to be considered, in passing off are the reputation of the plaintiff and the likelihood of the plaintiff’s business being confused with that of the defendants. G

I gather that when Pennycuick J. refers to “reputation in the wider sense” and “reputation in the relevant sense” he meant reputation which was created by user of some kind in this country, and that in that sense the words “reputation” and “goodwill” mean much the same thing. H

A In applying the reasoning of Pennycuick J. to the case before me and distinguishing it from *Sheraton Corporation of America v. Sheraton Motels* I observe that there is no claim by the plaintiff to ownership of a hotel, motel or similar establishment in Fiji. There is no allegation that bookings for the plaintiff's hotels in other parts of the world are made at a Fiji office owned or organised by the plaintiff, as was done in the United Kingdom. The population of Fiji at 500,000 cannot be compared with the United Kingdom's population of 50 million or more, and in that respect there is considerable difference between the circumstances governing the American plaintiff's case which was decided in the United Kingdom and the circumstances in Fiji. Apart from the incomparable aspects of population it appears that the comparatively vast number of tourists using London and United Kingdom as a centre or springboard into Europe and the world was sufficient to justify the American plaintiff in establishing a booking centre in the United Kingdom for Sheraton Hotels. In that way a "local root" was put out to which goodwill could attach itself.

C There is no suggestion that the tourist industry in Fiji is other than the tourist who makes Fiji a calling place in an itinerary which has been prepared elsewhere; bookings at hotels in Fiji from places abroad through travel agents abroad will no doubt be made by reference to brochures, advertisements etc. possessed by those agents. The latter will not have in their possession any reference to any hotel owned in Fiji by the plaintiff because no such reference is made in the plaintiff's advertising materials. I do not see that the plaintiff's non-existent hotel in Fiji can be confused with the defendants' hotel.

D The plaintiff in the instant case has exhibited a balance sheet and various types of advertisements. In that respect I can do no better than quote once again from the judgment of Pennycuick J. at page 585 (2):

E ".....the sending of advertisements to this country and the recollections of returned travellers, fall very far short of constituting the sort of goodwill which could be protected by passing off actions in this country."

Again at page 586(4) when he was distinguishing the "Poiret case" which the plaintiff in this action also relied upon he said,

F ".....the plaintiff company here, has carried on no business activities of any kind, apart from disseminating advertisements."

F There is no evidence before me in the instant case that the plaintiff even goes to the extent of disseminating advertisements in Fiji, not that that would set up any reputation or goodwill in Fiji. The plaintiff has not put out any local root, so to speak, to which goodwill by local user could attach itself.

G I find that the plaintiff has not shown that it has established any goodwill or reputation in Fiji by user of the word "SHERATON" in Fiji such as is sought to be protected in a passing-off action.

I do not make any of the orders requested by the plaintiff in his motion.

The plaintiff will pay the costs of the defendants.

Injunctions refused.

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