



NEW PROPOSED TRADE MARK LEGISLATION IN TRINIDAD AND TOBAGO LUKE HAMEL-SMITH & NADIA HENRIQUES



In the mid-1990's, Trinidad and Tobago's economy and market were rapidly liberalized and opened up to foreign participation. This created significant business opportunities and made it important for many more foreign businesses to secure their valuable intellectual property rights in Trinidad and Tobago.

In recognition of the need to secure intellectual property rights, there was a complete overhaul and modernization of the country's intellectual property laws. As part of this process Trinidad and Tobago signed:

- The Trade Mark Law Treaty (TLT) in October 1994;
- The Trade Related Aspects of Intellectual Property (TRIPs) Agreement in 1994; and
- A Memorandum of Understanding with the Government of the U.S.A. concerning the protection of Intellectual Property Rights in 1994.

The obligations resulting from the above agreements were given force of law in a number of amendments made to the Trinidad & Tobago Trade Marks Act, which was originally based on the English 1938 Trade Marks Act, as well as the Patents Act, The Industrial Design Act, The Protection Against Unfair Competition Act, The Layout-Designs (Topographies) of Integrated Circuits Act, The Protection of New Plant Varieties Act and The Geographical Indications Act. These pieces of legislation put Trinidad & Tobago at the forefront of the Caribbean in recognizing the value of Intellectual Property to businesses and in protecting Intellectual Property Rights.

Trinidad & Tobago's economy continues to flourish. The country's natural gas and oil reserves have enabled it to become one of the Caribbean's most industrialized nations being referred to as the 'Caribbean Tiger' by the New York Times. The value of intellectual property to businesses continues to grow, and the use of the intellectual property continues to become more sophisticated. As part of its commitment to sustainable economic development, the

Government, together with the Trinidad & Tobago's leading Intellectual Property Attorneys, are currently considering improvements to the practices and procedures at the Intellectual Property Office as well as sweeping reforms of the country's trade mark legislation to meet the evolving Intellectual Property needs of businesses and keep Trinidad and Tobago abreast with global developments in the protection of intellectual property rights.

Rather than make piecemeal amendments to the trade mark legislation it is intended that that the current legislation will be entirely replaced by a new trade mark act. Currently the Singapore Trade Mark Act, the Hong Kong Trade Mark Act and a World Intellectual Property Organisation (WIPO) drafted document are being examined as the basis for the new legislation.

MAIN ISSUES

Some of the main issues raised by the Intellectual Property attorneys are:

- The existence of the Part A/Part B Distinction in the

(cont'd on page 4)

<i>In This Issue</i>	<i>Author</i>	<i>Page</i>
<i>New Proposed Trade Mark Legislation in Trinidad & Tobago</i>	<i>Luke Hamel-Smith & Nadia Henriques</i>	<i>1</i>
<i>Raising Capital Through Trade Marks</i>	<i>Timothy Hamel-Smith & Luke Hamel-Smith</i>	<i>2</i>
<i>Consumer Protection and the Law</i>	<i>Myrna Robinson-Walters & Nathalia Cameron</i>	<i>3</i>
<i>Mala Fides and the Constitution: A Moot Point?</i>	<i>Gregory Pantin</i>	<i>5</i>



RAISING CAPITAL THROUGH TRADE MARKS

Luke Hamel-Smith & Timothy Hamel-Smith



As incredibly valuable assets, trade marks are increasingly being used as security for loans thus providing greater security for lenders, and in turn allowing businesses to raise more capital.

Charging Trade Marks in Trinidad & Tobago

In order for a trade mark to be capable of providing good security, however, a valid charge over the trade mark enforceable against a liquidator and other third party creditors must be created.

A trade mark registered in Trinidad & Tobago is considered to be property existing in Trinidad & Tobago, and as such there are two components of registering a charge over a trade mark:

- Registration at the Companies Registry
- Filing a memorandum at the Intellectual Property Office (IPO).

In this article we will examine the practical aspects of creating a charge over a trade mark in Trinidad & Tobago in order to secure a loan. We will also discuss the procedures for registering a charge at the Companies Registry and filing a memorandum at the IPO, and suggest an alternate charge structure to compensate for the limitations of these procedures in protecting the chargee.

Registration at the Companies Registry

Under the Companies Act, all security interests over property in Trinidad & Tobago must be registered at the Companies Registry together with a Statement of Charge giving particulars of the property over which a charge has been created and any covenants in the security instrument affecting the collateral within 30 days of the creation of the charge. The registration requirement applies to all charges created over property in Trinidad & Tobago whether or not the company creating the charge is carrying on business in Trinidad & Tobago.

If the charge is not registered within 30 days, it will be void as against a liquidator or any other creditor of the party which granted the security interest. As such, charges over trade marks must be registered at the Companies registry within 30 days of their creation

Filing a Memorandum at the IPO

There is no requirement to register a charge over a trade mark at the IPO. In fact, charges over trade marks cannot be registered directly as Section 69 of the Trade Marks Act

prevents trusts, including charges, from being entered on the Register.

As the IPO does not liaise with the Companies Registry when dealing with trade marks, as a matter of good practice, a memorandum listing the ways in which the trade marks may be used and the information which the lender wishes to bring to the notice of third parties should be filed with the IPO, under the Trade Marks Act. The filing of a memorandum will help to prevent the IPO from dealing with the trade marks in ways inconsistent with the charge.

Alternate Structure for creating security over trade marks

When a normal charge is created, the beneficial interest in the trade marks is transferred to the chargee and legal title remains in the name of the chargor. There is a possibility that the chargor may assign the trade marks to a third party if the IPO fails to recognize the existence of the charge. As the IPO does not consult the companies registry there is a very real possibility that it may not be alerted to the existence of the charge and thus there is a danger of the charged property being reassigned to a third party or dealt in other ways contrary to the charge.

In order to prevent the charged property from being dealt with contrary to the charge, one alternative structure to the normal charge is to assign the trade marks to a collateral agent to be held on trust for all those who may from time to time become holders entitled to repayment by the chargor. The collateral agent may then grant a licence to the chargor so that she may continue using the trade marks. Once the loan has been repaid the chargor may then rely on contractual obligations to ensure that its trade marks are re-assigned. If this process is adopted, the collateral agent or its nominee would be recorded as the owner of the trade marks in the IPO's Register of Trade Marks and thus the chargor could not deal with the trade marks.

Conclusion

There are practical difficulties in registering a charge over trade marks in Trinidad & Tobago. If, however, the correct structure is adopted trade marks can provide good security for lenders giving lenders and borrowers the best of both worlds; a more secure loan for lenders and another asset through which money can be raised for borrowers.



CONSUMER PROTECTION AND THE LAW

Nathalia Cameron—Law Student & Myrna Robinson-Walters, Partner



Our last article outlined the extent to which the Consumer Protection and Safety Act protects consumers in the areas of adverse trade practices and consumer safety. In this issue, we focus on the protection consumers receive through the Sale of Goods Act, the Hire Purchase Act. And the Unfair Contract Terms Act.

THE SALE OF GOODS ACT

This Act regulates rights and duties of sellers by implying certain terms and conditions into their contracts with purchasers of their goods. Some of the more important obligations imposed on sellers in this way are:

To produce goods corresponding to their description.

Under the Act where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description. If the sale is by sample as well as by description, it is not sufficient that the bulk of the goods correspond with the sample if the goods do not also correspond with the description.

To produce goods of ‘merchantable quality’ to the buyer.

Basically, goods of any kind are of merchantable quality if they are fit for the purpose for which goods of that kind are commonly bought. There may be other relevant factors influencing the test such as durability, description and price. Where the defects of the goods are specifically drawn to the buyer’s attention before the contract or purchase, this implied term does not apply.

THE HIRE PURCHASE ACT

This Act provides a number of forms of protection for persons who enter into hire purchase and credit-sale agreements for goods valued under \$15,000.00. It sets out specific rules relating to agreements, disclosures, and obtaining repossession when contract terms are breached.

Requirements relating to a Hire Purchase Agreement

Before the contract is signed the owner must inform the purchaser in writing separate and distinct from the contract of the cash price of the goods. If the owner fails to do this, he cannot enforce the hire-purchase agreement or any related contract of guarantee or any security given by the hirer. In addition, he cannot recover the goods. Further, a document reflecting the agreement must be signed by all parties containing a statement of the hire-

purchase price and the cash price of the goods, the amount of each instalment of the purchase price, the due dates and a list of the goods purchased sufficient to identify them. A copy of this document must be given to the hirer or sent to the hirer at his address within 7 days of the agreement or purchase.

Protection provided by the Act

Where the hirer has paid 70% of the hire-purchase price, the owner may only recover possession of the goods by court action. If the owner unlawfully recovers possession, the agreement is determined and the hirer is released from all liability under it. He can then sue to recover all sums paid and any security given to the hirer.

If less than 70% of the purchase price is paid, the owner must give to the hirer not less than 21 clear days written notice of the amount due and his intention to recover possession by action if the default is not remedied.

THE UNFAIR CONTRACT TERMS ACT

Liability under the Sale of Goods Act for breach of obligations arising from a seller’s implied undertakings as to title, quality of goods and conformity with description and the breach of conditions and warranties under a Hire Purchase agreement cannot be excluded or restricted by reference to any contract term.

Where someone “deals as a consumer” with another party, the latter party cannot restrict or exclude its liability to the former party by reference to any contract term unless the term satisfies the requirement of reasonableness.

Generally the term “deals as a consumer” means a contract in which the person neither makes the contract in course of a business nor holds himself out as doing so, whilst the other party does so. Further, in case of a sale of goods, the goods must be such as are ordinarily supplied for private use or consumption.

A term is considered fair and reasonable having regard to the circumstances which were, or ought reasonably to have been known to or in the contemplation of the parties when the contract was made.

NEW PROPOSED TRADE MARK LEGISLATION IN TRINIDAD AND TOBAGO (cont'd)

(cont'd from page 1)

- current legislation
- Online searches
- The definition of famous marks and the extent of their protection

Part A/Part B Distinction

Under the current legislation, marks which are “adapted to distinguish” a trader’s products are registered in Part A and marks which are “capable of distinguishing” a trader’s products are registered in Part B.

Part A marks are given greater protection than Part B marks. The crucial difference between the two parts is that in an action for trade mark infringement, relief will not be granted for the infringement of marks registered in Part B if the defendant can show that the use complained of is not likely to:

- Deceive or cause confusion; or
- Be taken as indicating a connection in the course of trade between the infringing goods and the proprietor of the mark: Trade Marks Act, Ch. 82:81, s. 6(2).

However, relief will be granted in an action for trade mark infringement in relation to marks registered in Part A even if the defendant can prove the above.

This distinction allows issues which are not applicable to Part A infringement actions, such as overall get-up and the prominence of the infringing mark, to be considered in Part B infringement actions.

The distinction between ‘adapted to distinguish’ and ‘capable of distinguishing’ has never been entirely clear and the rationale behind giving greater protection to marks that are adapted to distinguish rather than marks that are capable of distinguishing has come under scrutiny.

In order to clarify the law, it is proposed that the distinction between Part A and Part B be removed. The new test for registrability of all trade marks would be that the mark must be capable of distinguishing the trader’s goods. The protection formerly afforded only to Part A trade would be granted to all trade marks that pass the new, lower, test for registrability.

It is hoped that the removal of the Part A/Part B distinction will make it easier for marks to be registered, increase the speed with which registration decisions are made and provide better protection for all trade marks once registered.

Online Searches

Currently it is not possible to conduct an electronic search at the trade mark registry. Searches must be conducted manually, that is, the physical file is retrieved and the information required from the file written out by hand. The manual retrieval of trade mark files and extraction of information naturally slows the search process considerably.

Shortly though, the Intellectual Property Office will be making its electronic database available to law firms in Trinidad and Tobago. Although the electronic database will not constitute an official electronic register certified as being accurate, it will provide a useful search tool for quick access to information concerning trade marks.

Under the manual search system an applicant could not check the register for conflicting marks before filing an application without significantly delaying the application and thus getting a later priority date. As a result, when time was of the essence, applicants would often file applications without first conducting a conflict search in order to secure as early a priority date as possible and minimize the risk of a competing applicant filing before them. Because applications were filed without a conflict search, often the applicant would end up wasting money on an application that was certain to fail due to the existence of an earlier conflicting trade mark simply because she could not take the risk of delaying the application for a trade mark search and allowing someone else to file before her.

However, once the electronic database is available searches could be conducted almost instantaneously, and as such the applicant could conduct a conflict search before filing the trade mark application without significantly delaying the application and risking a competing applicant filing before them. Additionally, trade mark information may be easily confirmed before an application such as an assignment is made thus ensuring the application progresses smoothly.

Definition of Famous Mark

Internationally famous marks require special protection as unscrupulous traders are constantly trying to take advantage of the goodwill associated with famous marks. However, filing trade mark applications in all possible countries where the marks may be used can be prohibitively expensive and even when the mark is filed in a potential market there is the possibility that it may be

NEW PROPOSED TRADE MARK LEGISLATION IN TRINIDAD AND TOBAGO

(cont'd from page 4)

vulnerable for removal due to lack of use.

Legislation protecting famous marks prevents other traders from registering famous mark and thus provides some protection for international companies. The definition of famous marks in the present legislation, while affording a degree of protection to international companies, is somewhat vague. With a more precise definition, the protections that one's trade marks are afforded and the goodwill attached will be enhanced considerably.

CONCLUSION - THE NEED FOR REFORM

The new trade mark legislation confirms Trinidad and Tobago's commitment to attracting foreign investors and protecting their interests. By clarifying the legal principles relating to intellectual property rights and modernising the trade mark registry, the proposed new legislation will align this jurisdiction with the current advances in intellectual property law and maintain its position as a leader with respect to securing intellectual property rights and interests. With its continued economic growth and political stability, Trinidad & Tobago's progressive stance with respect to Intellectual Property will assure its place as a leader in the Caribbean.



MALA FIDES AND THE CONSTITUTION: A MOOT POINT?

Gregory Pantin

A special sitting of the Trinidad & Tobago Court of Appeal was recently constituted by the Hugh Wooding Law School for the purpose of deciding the outcome of the Third Annual Hamel-Smith Appellate Mooting Competition.

The moot required the Court of Appeal to reconsider a very topical and controversial issue which has been addressed, but as yet not conclusively determined, in recent decisions of the Court of Appeal and the Privy Council. This issue focuses on identifying the elements that a party needs to prove in order to succeed on a claim that its right to equality of treatment, as guaranteed by section 4(d) of the Constitution, has been breached by an executive decision made by a Government Minister or some other public authority.

The appeal was filed by the State against a High Court decision that had condemned the Minister of Information's decision to award a concession to one telecommunication service provider, where the other aggrieved telecommunication provider was similarly circumstanced, as being

contrary to section 4(d) of the Constitution. In reaching its decision, the High Court had determined that the aggrieved telecommunications service provider did not need to prove that the Minister acted with *mala fides* or in a deliberate and intentional manner not in accordance with law, as had



In photo from left, the winners: Sangeeta Bondoo, Annette Mark and Lani Daisley with Philip Hamel-Smith, Managing Partner

appeared to be suggested in some of the previous case law. Rather, once the aggrieved telecommunications provider established that it was subjected to differential treatment, it was for the Minister to prove that the differential treatment was justified.

The Court of Appeal comprised:

- The Hon. Mr. Justice Saunders,

Judge of the Caribbean Court of Justice;

- The Hon. Mr. Justice of Appeal Kangaloo of the Supreme Court of Trinidad & Tobago; and
- The Hon. Mr. Justice of Appeal Rawlins of the Eastern Caribbean States Supreme Court.

Both teams of Attorneys, which comprised students from the Hugh Wooding Law School, were very well prepared and the moot was keenly contested. Appearing for the Appellant were Keston McQuilkin, Jerome Herrera and Kendell Alexander, and for the Respondent were Sangeeta Bondoo, Lani Daisley and Annette Mark.

The Judges all expressed satisfaction with the students' efforts and performance, but also shared a number of practical tips which would help them to further improve their written and oral advocacy skills.

On the determination of the appeal, the Court allowed the appeal by a majority judgment (Rawlins JA dissenting). However, the winners of the competition were the team for the Respondent.

Please Circulate

The Lawyers Newsletter for Business Professionals

Published by M. Hamel-Smith & Co.
19 St. Vincent Street, Port of Spain, Trinidad & Tobago, W.I.
Tel: 1 (868) 623-4237/9 Fax: 1 (868) 627-8564
E-mail: mhs@trinidadlaw.com
Website: www.trinidadlaw.com
and intended for limited circulation to clients and associates of our firm.
©1998-2006, M. Hamel-Smith & Co., all rights reserved.