

THE HIGH COURT

[No. 2019/5288 P]

BETWEEN

PHILIP FRIED

PLAINTIFF

AND

ANDREW FRIED AND CLADDAGH RING LIMITED

DEFENDANTS

JUDGMENT of Mr. Justice Mark Sanfey delivered on the 2nd day of July 2020.

Introduction

1. In these proceedings, the plaintiff seeks interlocutory injunctive relief in relation to the trade mark "CLADDAGH JEWELLERS", bearing registration number 284004 in the Register of Trade Marks in Ireland, and an order restraining the defendants their servants or agents, or persons acting in concert with or at the direction of the defendants, from unlawfully utilising "any of the intellectual property of the plaintiff" in conjunction with businesses of the defendants.
2. This application was listed for hearing together with an application pursuant to s.212 of the Companies Act 2014 in the proceedings bearing High Court Record No. 2019/107 COS, in the matter of Claddagh Jewellers Limited. Andrew Fried, the first named defendant in the present proceedings, was the applicant in the s.212 proceedings, and his brother Philip Fried, the plaintiff in the present proceedings, was the respondent.
3. The s.212 proceedings came before the court and were heard by me on 16th and 17th June, 2020, along with the hearing of the present application. I gave judgment in the s.212 proceedings on 2nd July, 2020 (the 's.212 judgment'). The reader of this judgment would benefit from reading the s.212 judgment in conjunction with this judgment, as matters common to both proceedings are set out in that judgment.
4. In particular, the solicitors for Andrew Fried made an application to me to come off record in the s.212 proceedings, and for both defendants in the present proceedings, on 15th June, 2020. Mr. Fried was present at the hearing of the application. Mr. Fried indicated that he had no objection to his solicitors making the application. Accordingly, I allowed Mr. Fried's solicitors liberty to come off record, and made it clear that the matters listed before me on 16th June, 2020, including the present motion, would proceed whether or not Mr. Fried was legally represented. Mr. Fried indicated that he understood this.
5. In the event, Andrew Fried did not appear at the hearing on 16th June, 2020 either to prosecute his s.212 application or defend the present application for injunctive relief. Counsel and solicitor for Mr. Philip Fried did attend in relation to both applications, and proceeded with the present application for injunctive relief notwithstanding the absence of any appearance by or on behalf of either defendant.

The plaintiff's claim

6. The plaintiff initiated these proceedings by plenary summons on 4th July, 2019, and a statement of claim was delivered on 9th July, 2019. The plaintiff contends that he is and

was at all material times the owner and entitled to the use and possession of the mark "Claddagh Jewellers", together with all the associated intellectual property rights and goodwill attached thereto. The mark was registered on 16th April, 2012 in Ireland, and with the European Union Intellectual Property Office on 15th February, 2016, in the name of the plaintiff.

7. The plaintiff contends that the first named defendant unlawfully procured the transfer of the mark and associated rights from the plaintiff's sole name to a company of which the brothers are each 50% shareholders, Claddagh Jewellers Limited, the company which is the subject of the s.212 proceedings. This appears to have been carried out by the use by the first named defendant of a Power of Attorney of 21st September, 2005 given in Spain by the plaintiff to the first named defendant to act on his behalf. The plaintiff alleges that the Power of Attorney was given "for purposes associated with and limited to the dealing of property and other matters in Spain" [para. 10 statement of claim], and that the said transfer was carried out without his authority or consent.
8. It is alleged that the first named defendant procured a further transfer or assignment on 16th April, 2019 of the mark by Claddagh Jewellers Limited into the joint names of the plaintiff and the first named defendant, once again without the authority or consent of the plaintiff. The plaintiff alleges at para. 16 of the statement of claim that "The first defendant has indicated his intention to use the second defendant as the corporate vehicle to which his [sic] will seek to appropriate part of the business of Claddagh Jewellers Limited and/or to otherwise establish a business and thereby to infringe and unlawfully convert the plaintiff's rights, title and interest in the Mark". The plaintiff seeks various declaratory and injunctive orders in the statement of claim seeking to correct the Register of Trade Marks and restraining various alleged breaches of intellectual property of the plaintiff. To date, no defence has been filed in the proceedings by either of the defendants.

The motion

9. The motion before me was issued on 9th July, 2019, and was grounded upon an affidavit of the plaintiff of 4th July, 2019. The substantive reliefs sought in the notice of motion were as follows:
 - "1. An Interlocutory Order restraining the use by the Second named Defendant of the mark, CLADDAGH JEWELLERS, bearing registration number 284004 in the Register of Trade Marks in Ireland and bearing filing number 1296623 in the EU Intellectual Property Office, together with all associated intellectual property rights and all goodwill attached thereto;
 2. An Interlocutory Order prohibiting and restraining the Defendants and each of them, whether by themselves, their servants or agents, howsoever from infringing the plaintiff's trade mark registered under no. 248004 pending the determination of the within proceeding;

3. An Interlocutory Order that the Defendants and each of them whether by themselves, their servants or agents and all persons, whether corporate or individual acting in concert with, or at the direction of the defendants, or any person having notice of the making of any Order herein, or otherwise howsoever, shall cease forthwith from unlawfully utilising any of the intellectual property of the plaintiff in conjunction with the conduct of the business or businesses of the defendants ...”
10. In the plaintiff’s grounding affidavit, the plaintiff stated that the first named defendant “has indicated his intention to use the second defendant as the corporate vehicle through which his [sic] will seek to appropriate part of the business of Claddagh Jewellers and/or to otherwise establish a business and thereby to infringe and unlawfully convert the plaintiff’s rights, title and interest in the mark. I say and believe that the first defendant has held advanced discussions regarding the execution of a lease in respect of a new retail premises on O’Connell Street, Dublin 2 [sic]”.
11. The plaintiff makes the point that, pursuant to s.65(6) of the Trade Marks Act 1996 (as amended), Claddagh Jewellers Limited would have been precluded from applying to have the plaintiff’s registration declared invalid, as the sub-section requires that any such application requires to be made within three years of the proprietor becoming aware of the registration.
12. The plaintiff contended that, if the defendants were permitted to carry out the alleged plan – in essence, to open a new store on O’Connell Street, Dublin 1 and “...to split the business previously operated by Claddagh Jewellers Limited and to spin out the properties (by sub-lease, assignment or otherwise) in Dublin into a new company, the second defendant...” [para. 40, grounding affidavit of plaintiff] – valuable intellectual property would be damaged, and the brand associated with the mark, which had long been associated with the jewellers business operated by Claddagh Jewellers Limited in Dublin and Galway, would be unlawfully appropriated, with damage to its “real substance reputation and recognition”.
13. The first named defendant swore a substantial affidavit in reply on 16th July, 2019. He accepted that the trade mark had been originally registered in the plaintiff’s name, but denied that the plaintiff had ever beneficially owned it. He claimed that the trade mark had always been intended to be beneficially owned by Claddagh Jewellers Limited, and that it had been registered in the plaintiff’s name for administrative convenience, and – somewhat surprisingly – on the basis that it should not be seen by certain creditors as an asset of that company.
14. The first named defendant did not deny that he had been responsible for the assignments of the trade mark in November 2018 and April 2019, or that he had done so on foot of the September 2005 Power of Attorney. He claimed that the plaintiff was “well aware” of his use of this Power of Attorney, which he claimed was necessary while the plaintiff was a director of Claddagh Jewellers Limited and permanently resident in Spain. He referred to what he contended were unlawful withdrawals of substantial monies by the plaintiff from

the bank account of Claddagh Jewellers Limited in September and October 2018, and stated that he considered it appropriate “to regularise the position so that the formal filings reflected the reality that the Claddagh Jewellers trade mark was beneficially owned by [Claddagh Jewellers Limited] ...” [para. 37 first named defendant’s first affidavit].

15. A supplemental affidavit was sworn by the plaintiff on 17th July, 2019. Efforts to resolve the situation by mediation were unsuccessful, and the first named defendant swore a further affidavit on 14th January, 2020. In that affidavit, the first named defendant swore that the second named defendant was now named Celtic Originals Limited, and exhibited documentation supporting this. He also expressed his willingness to extend an undertaking first offered in his original affidavit as follows:

“Not to open or trade any new premises using the name Claddagh Jewellers, nor to use the name Claddagh Jewellers in respect of the business operated from the O’Connell Street premises, prior to the conclusion of these proceedings”.

16. While I have read and considered all of the pleadings and affidavits in the matter, I have chosen not to set out all of the allegations and counter-allegations in the affidavits. This is partly with a view to encouraging the two brothers, who I am informed have had two unsuccessful attempts at mediation already, to see their way to resolving their differences without further resort to expensive and unpleasant litigation.
17. The defendants chose to cut their ties with their solicitors and abandon their defence of the plaintiff’s motion. Notwithstanding this, I must consider the averments in all the various affidavits before me to assess whether the reliefs sought are appropriate. I have also had the benefit of submissions from counsel for the plaintiff as to the legal test I should apply in determining the application.
18. I have had regard to a number of authorities in this regard, most notably the decision of McCracken J. in *B&S Limited v. Irish Auto Traders Limited* [1995] 2 IR 142; the judgment of Geoghegan J. in *O’Murchú T/A Talknology v. Eircell Limited*, unreported, Supreme Court, 21st February, 2001; the judgment of O’Donnell J. of 31st July, 2019 in the Supreme Court in *Merck Sharp & Dohme Corporation v. Clonmel Healthcare Limited* [2019] IESC 65; and the decision of the Supreme Court (Clarke J., as he then was) in *Okunade v. Minister for Justice* [2012] 3 IR 152. I was also referred to a number of decisions from the jurisdiction of England and Wales.
19. Having considered the foregoing, it seems to me, particularly having regard to the decision in *B&S Limited and O’Murchú*, that the application in the present case of the established *Campus Oil* principles is appropriate, with suitable regard to the manner in which the classic test has been interpreted or re-assessed by the Supreme Court in *Okunade and Merck Sharpe & Dohme* in particular.
20. I am satisfied that there is a fair question to be tried that the plaintiff’s rights under the trade mark registered in his name in Ireland in 2012 and with the European Union Intellectual Property Office in 2016 have been infringed. The first named defendant in

effect accepts that he procured the assignment of the trade mark in 2018 without the consent of the plaintiff, and by use of a Power of Attorney which it must be doubtful could ever be legitimately used for the purpose of transferring a trade mark out of the plaintiff's name without his consent. While the first named defendant avers that he did so for good reason, it is clear that there is at least a fair question to be tried between the parties.

21. As regards the balance of convenience, which includes the question of the adequacy of damages, the first named defendant sets out in his affidavits a purported justification of the transfer of the trade mark into the name of Claddagh Jewellers Limited; he says that it "simply formalised the factual reality, being that the ownership of the trade mark had always resided with Claddagh rather than the plaintiff" [para. 42 first affidavit]. The first named defendant does not explain why a further transfer into the joint names of Andrew Fried and Philip Fried was necessary. While he makes no secret of his intention to operate a new business in a shop in O'Connell St., Dublin 1 through the second named defendant, he has expressly averred at para. 6 of his second affidavit that, "the Celtic jewellers business does not use the Claddagh Jewellers trade mark". The undertaking offered by him in that affidavit, to which I have referred above at para. 15, is consistent with this.
22. However, neither defendant in the present proceedings attended the hearing of the present motion. I therefore have no undertaking being offered by or on behalf of the defendants. I must therefore consider whether the balance of convenience warrants the granting of orders.
23. The first named defendant makes numerous complaints about the plaintiff's conduct in his affidavits, and in particular what he claims are "unlawful actions taken by the plaintiff in relation to [Claddagh Jewellers Limited] ..." [para. 44, first affidavit]. He contends that it is these actions which have prompted him to set up an independent operation through the second named defendant. However, the complaints – which were the subject of extensive affidavits in s.212 proceedings – do not appear to relate to any interference by the plaintiff with the first named defendant's new venture, or suggest that the injunctive reliefs sought will impede that venture in any way. The averments and undertaking in the first named defendant's second affidavit would appear to make this clear.
24. Accordingly, it is difficult to see how the defendants are inconvenienced by the grant of injunctive relief, pending the trial of the action which would determine the beneficial ownership of the trade mark. It is not disputed that the brand has been built up since at least the early 90's, acquiring a substantial reputation and recognition in the market. There is no suggestion that the second named defendant has a formal licence or agreement to use the trade mark, no matter who the beneficial owner is. The risk that an unlicensed use of the trade mark would result in damage to the brand which could do irreparable harm cannot be discounted. The defendants themselves do not suggest that they would be in a position to satisfy an award of damages in the plaintiff's favour.
25. In the circumstances, I am of the view that there is at very least a fair question to be tried that the plaintiff is the sole owner and proprietor of the mark "Claddagh Jewellers";

that the Register of Trade Marks should be rectified to reflect such ownership; and that other parties including the defendants should be prohibited from infringing that trade mark. I consider that the balance of convenience favours granting relief to the plaintiff, particularly in circumstances where the defendants have chosen not to appear in answer to the motion.

26. It seems to me that the following orders are appropriate:

- (1) An order amending the title of the proceedings to read 'the High Court, record no. 2019/5288 P. between Philip Fried plaintiff and Andrew Fried and Celtic Jewellers Limited (formerly known as Claddagh Ring Limited);
- (2) An order restraining the use by the second named defendant of the mark, 'Claddagh Jewellers', bearing registration no. 284004 in the Register of Trademarks in Ireland and bearing filing no. 1296623 in the EU Intellectual Property Office, pending the determination of the proceedings herein or further order;
- (3) An order prohibiting and restraining the defendants and each of them, whether by themselves, their servants or agents, howsoever from infringing the plaintiff's trade mark registered under no. 248004 pending the determination of the proceedings herein or until further order.

27. I do not consider it appropriate or necessary at this stage of the proceedings to make orders in relation to "all associated intellectual property rights and all goodwill attached thereto" as sought at para. 1 of the notice of motion. I do not consider there is sufficient clarity in this phrase to allow the defendants to understand what may or may not be permissible. The same applies to para. 3 of the notice of motion. I consider the orders set out above to be sufficient pending the trial of the action, and causing the least risk of injustice.

28. As this judgment is being delivered electronically, I will list the matter before me on 9th July, 2020, when the related matters listed with the present proceedings are due to be resumed and concluded. I will hear submissions on that date in relation to the question of costs, and also any directions required to get the matter on for trial, in the event that no resolution of the parties' differences is possible.